FINANCIAL TIMES

No. 27,752 Saturday December 30 1978

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Petrol peace hopes rise

Esso and Mobil tanker drivers' shop stewards recommended their members to continue working normally next week, while new pay offers are considered.

The new peace moves bring further hope that a national tanker drivers' strike threatened from Wednesday will be avoided.

The Esso drivers were advised to defer their action until January 10 to allow time for a ballot on a new offer from the company. A delegate conference of Mobil shop stewards accepted a pay package and will recommend it in a ballot this weekend. Back Page

Scanlon becomes a Life Peer

Mr. Hugh Scanlon, recently retired AUEW president, becomes a Life Peer in the New Year Honours, published today. Other new Life Peers include Sir Brian Flowers, the nuclear physicist.
Back Page and Page 17

Spanish elections

The Government of Prime Minister Adolfo Suarez has decided to dissolve the Spanish Parliament and call new general elections for the early spring. Back Page

Notices run out

Yesterday was the last day at work at the Times and Sunday Times for some 600 staff, many of them secretaries and tele-ad girls. From now on staff will be put out of work at the rate of 100 a week.
Page 3

Cairo security

Security measures are being stepped up in Cairo to forestall violence or demonstrations following price increases introduced by the Government. Page 2

Ecevit warning

Violence could spread to other parts of Turkey despite imposition of martial law in most main cities, Prime Minister Bulent Ecevit warned.

'Black box' find

Navy frogmen recovered the "black box" flight recorder of the Alitalia DC-9 which crashed in the sea off Palermo, Sicily, killing 108 people last Saturday.

Airline escape

At least 173 passengers and crew survived when a United Airlines DC-8 crashed into unoccupied houses in Portland, *Oregon, while attempting an* emergency landing.

Briefly . . .

President Giscard d'Estaing will visit Romania from January 18 to 20.

Australia scored 243 for four on the opening day of the Third Test in Melbourne.

Spain's air traffic controllers worked to rule for 24 hours, to press employers into meeting a wage demand put forward for next year. Page 2

Algerian President Houari Boumedienne was buried in his country's Martyrs' Cemetery *Page 2*

Arctic conditions gripped Norway, pushing temperatures to a December record of −43°C

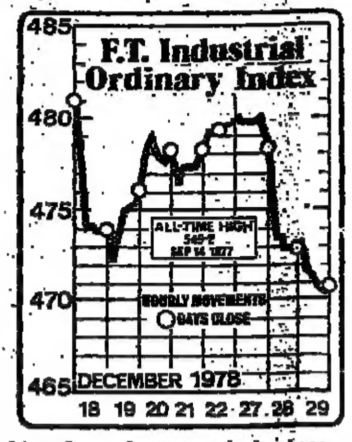
We wish our readers a Happy New Year

PUBLISHER'S NOTICE
The Financial Times will not be published on Monday, January 1.

BUSINESS

Equities drift; Gold up $4\frac{3}{4}$

● EQUITIES finished the long Christmas Account with a 2.0 fall to 470.9 in the FT ordinary index. The period was marked



by a sharp downturn in business, with official markings falling away to an average of 3,102.

● GILTS showed marginal gains in all sectors and the Government Securities index closed 0.03 up at 68.69.

● STERLING rose 1¼ cents to $2.0415 and its trade-weighted index improved to 64.0 (63.8). The dollar's depreciation widened to 9.8 per cent (9.7).

● GOLD rose $4¾ to $226¾ in London. In New York the Comex January settlement was $227.00 ($223.10).

● WALL STREET closed 0.95 down at 805.01.

● JAPAN has tightened controls on commercial banks making medium- and long-term dollar loans to foreigners next year. Page 21

● U.S. JUSTICE Department, worried by the concentration of U.S. industry through many big mergers in recent years, is preparing legislation to prohibit mergers involving aggregate assets or sales of $2bn or more. Back Page

● GOODYEAR of the U.S., the world's largest tyre manufacturer, has injected £18.33m cash into its ailing British subsidiary, Goodyear GB, to reduce the subsidiary's debt burden and provide working capital. Back Page

● NINE CHRYSLER directors have resigned from Chrysler UK in preparation for the restructuring of the Board which will take place when Peugeot PSA formally takes control of Chrysler's European operations on January 1. Page 3

● NEWSPRINT prices are to rise from January 1, with possible repercussions on newspapers' cover prices. Reed and Bowater, the leading UK paper *manufacturers*, have said that *subject* to a successful application to the Price Commission newsprint prices will rise 8.5 per cent. Page 3

LABOUR

● PROVIDENT Financial Group, the Bradford-based consumer credit company, is *threatening* to dismiss all its 1,400 managers in a pay dispute. The managers have been operating sanctions in support of a pay claim since November 24 and the company has said that if they do not return to normal working by January 2 they will be sacked. Page 3

● WEST GERMAN steel employers and metal workers unions will begin talks again today to try to settle West Germany's month-long steel strike. About 80,000 men are affected by the strike. Page 2

COMPANIES

● JOHN WADDINGTON reports pre-tax profit for the 28 weeks to October 15 of £1.65m against £2.32m on turnover of £25m (£23.13m). Page 18

● GEC has agreed to buy Boonton Electronics of New Jersey for £4.65m cash, in a further move to expand its activities in the U.S. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Brascan	£11½	+ ⅜	Barclays Bank	360	− 5
Extel	134	+ 4	Dixon (D.)	108	− 3
Farm Feed	74	+ 6	E.R.F.	126	− 3
Hoffnung (S.)	68	+ 4	Edbro	187	− 5
Horizon Midlands	127	+ 4	Electrocomponents	323	− 10
Kennedy Smale	47	+ 3	Lidstone	150	− 20
Pleasurama	91	+ 6	Lucas Inds.	298	− 4
Saga Holidays	187	+ 5	McKechnie Bros.	90	− 4
Samuel (H.) "A"	188	+ 6	Midland Bank	350	− 5
Vectis Stone	45	+ 4	Racal Electronics	340	− 5
Anglo American	302	+ 7	Reckitt and Colman	452	− 8
Consd. Gold Fields	182	+ 4	Waddington (J.)	190	− 6
De Beers Defd.	391	+ 9	Yarrow	303	− 5
			BP	906	− 10
			Siebens (UK)	242	− 14

France blocks start of EMS

BY OUR FOREIGN AND ECONOMICS STAFF

THE European Monetary System will not start on the planned date of January 1. This became almost certain yestreday after confirmation that France would not allow the scheme to begin until outstanding problems of agricultural prices were resolved.

Bank of France officials said a weekend agreement to start the system on Monday was virtually out of the question on technical grounds. Last night, it was not clear whether the delay would be days or weeks.

Senior officials in the West German Government were strongly critical of the French announcement which they described as a "major political error."

The decision is seen as surprising in Bonn, in view of France's known desire to establish the EMS as Paris takes over the Presidency of the EEC Council from West Germany on January 1.

Bonn and EEC Commission officials in Brussels hope that President Giscard d'Estaing of France and Chancellor Helmut Schmidt of West Germany—the two main authors of EMS—will work for a compromise at the Guadeloupe summit on January 5 and 6.

At present, both leaders are abroad.

EEC Commission officials were suggesting last night that President Giscard will use the Guadeloupe meeting—to be attended by President Jimmy Carter and Mr. James Callaghan—to seek U.S. co-operation to help support the new currency stabilisation scheme.

It was being suggested in Brussels that the French decision stemmed less from dissatisfaction over the Common Agricultural Policy—the ostensible cause of dispute—than from growing doubts over the viability of the EMS and France's ability to remain within it.

In particular, this follows the renewed weakness of the dollar.

Confirmation that France was fulfilling its threat to delay EMS beyond January 1 came from the office of M. Raymond Barre, the Prime Minister, only hours before the central parities were to be fixed between the eight member countries. The French decision followed mounting confusion yesterday between central banks.

The end of yesterday's trading was the last moment at which rates could be fixed for the system to start on schedule.

The French move made little impact on foreign exchange markets yesterday, where trading was quiet.

The French authorities yesterday made efforts to take the edge off any conflict by making it clear that the decision did not jeopardise France's commitment to the principle of EMS.

French officials were also playing down the importance of the exact starting date. President Giscard would obviously have liked the date to coincide with the start of the French Presidency of the Council. Other political factors stand in the way principally the farmers' lobby in the election to the European Parliament and attacks from Gaullists and Communists over the President's pro-EEC stance.

The French statement said that the farm payments question had not been settled so the conditions for launching EMS had not been met.

The dispute is about the system of farm subsidies known as Monetary Compensatory Amounts which allow national farm prices to differ while maintaining Community prices.

These subsidies have propped up a high national price level in Germany while keeping down French and British farm prices.

The original French demand was for the dismantling of the MCA system but the current request is only that any new subsidies, created by currency movements after the introduction of EMS, should be eliminated at the end of each year.

Thus, if the D-Mark rose German farmers' prices would drop at the end of the year.

Details and reaction Page 2

Shah calls on opposition man to form civilian cabinet

BY SIMON HENDERSON

THE SHAH of Iran will today appoint Dr. Shapur Baktiar, a *lawyer and member of the opposition* National Front to head a civilian government to replace the present military regime, a Royal Palace spokesman said in Tehran last night.

Dr. Baktiar, said the spokesman, has already drawn up a cabinet list. His government will take over from that of General Gholam Azhari whose regime has failed to stem the risin gtide of violence and end the crippling strike in the country's vital oilfields.

Mr. Baktiar said yesterday that the Shah had asked him to form a government, but observers felt that his chances *were slim since much of his* own National Front remains opposed to the Shah staying in overall control. The party made it clear during the day that Mr. Baktiar's actions were those of an individual acting without party support.

It is clear that the Shah had to take drastic steps to restore order if only because General Azhari is in no condition to stay in office after a heart attack

The Shah is under increasing pressure to step down, and one option being mooted, which would clearly be unattractive to the country's embattled leader, is that a new administration *should be coupled with the* temporary absence of the Shah

This new attempt by the Shah to patch up a political compromise with his opponents came on a day when the Western oil consortium started evacuating almost all its employees and their families. In spite of official claims that all oil production has ceased, it is understood that 270,000 barrels were lifted yesterday.

The daughter and unofficial spokesman of Dr. Gholam Hossein Sadiqi, the veteran politician who was asked three weeks ago by the Shah to try and form a cabinet, said her *father had withdrawn from the* political race completely.

The need for a political solution is now acute. Petrol stations remain closed and Tehran radio announced that bread shortages were likely.

Jurek Martin writes from Washington: President Carter has not yet ordered deployment of a naval task force to the Gulf off the Iran coast, according to the U.S. State Department, but there were growing contingency plans for such an operation were being advanced. indications here that American

Mr. Hodding Carter, the State Department spokesman, repeatedly refused to deny that such action, the subject of persistent rumour here in the last 24 hours, was being considered.

At present the U.S. has a small, seven ship unit operating in the Arabian Sea as a division of its Seventh Fleet. But the composition of this force is such that it could not be expected to carry out a big evacuation of American personnel from Iran should the situation demand:

There were reports here that the USS Constellation had been ordered to leave its base in the Philippines as a preparatory move.

Were a larger task force to be assembled, it would probably be drawn from the Seventh Fleet, which operates in the Pacific, rather than the Mediterranean-based Sixth Fleet. Its purpose would presumably be to conduct an evacuation in extremis but also to bolster recent U.S. warnings that it would not brook interference in Iran from

Continued on Back Page

Shah's options narrow Page 2

Airlift of oilmen from Iran may start today

BY SUE CAMERON

THE EVACUATION of more than 500 expatriate oilmen from the city of Ahwaz in southern Iran will begin today or tomorrow.

But the oilmen and their families—most of them British or American—are not to be flown home. It is understood they are to be taken either to Greece or another nearby Mediterranean country so that they can return to Iran immediately if the political situation there starts to improve.

The decision to start pulling out Western oil experts followed meetings of members of the Iranian Oil Participants consortium in London yesterday.

The leading member of IOP is British Petroleum which has a 40 per cent share in the consortium. Shell has a 14 per cent share. Exxon, Gulf, Texaco, Chevron and Mobil each have a 7 per cent share.

Total has a 6 per cent share and Iricon—a group of smaller, independent U.S. oil companies—has a 5 per cent share. The operator in Iran for the consortium is OSCO.

The consortium has decided to leave a skeleton staff in Iran although last night it would not say exactly how many people were to remain. The task of those who stay behind will be to keep the consortium in touch with the events and to organise a safe and speedy start-up of oil production once this becomes feasible.

The evacuation will be carried out by charter aircraft from Ahwaz airport. Earlier yesterday, there were fears that they would not be allowed in or out of Ahwaz, but by late afternoon, the consortium seemed confident there would be no difficulty about flying expatriates out of the city.

About 550 expatriates altogether are employed by OSCO in Iran. Many of them are on secondment from IOP members — BP, for example, has between 50 and 60 staff seconded to OSCO. The total number of people to be evacuated, including families, will be about 2,000.

The decision to send the people to the Mediterranean reflects the confidence of most big oil companies that the production of crude in Iran will quickly return to normal. It is felt that any Iranian government will have to give priority to starting up the oilfields again because exports of crude play such a vital part in the country's economy.

The Western oil majors also emphasise that the men they are evacuating cannot easily be replaced. It is thought the Iranians would have considerable difficulty running the oilfields without expatriate help.

£ in New York

—	Dec. 29	Previous
Spot	$2.0400-0440	$2.0335-0350
1 month	0.20-0.15 dis	0.10-0.05 dis
3 months	0.46-0.40 dis	0.39-0.34 dis
12 months	2.00-1.80 dis	1.75-1.65 dis

Chancellor's New Year Message

Good promise for future

The last 12 months have reinforced the dramatic progress we made in our financial situation in 1977 and have seen it reflected in the performance of the real economy. We achieved single-figure inflation in January—a good deal earlier than I had predicted—and have maintained it throughout the year. The pound's effective exchange rate has remained stable and the current account is roughly in balance. Moreover, we have this year repaid $2bn of debt to the International Monetary Fund ahead of time.

This improvement in our finances has enabled us to make solid progress in output, investment and productivity. It looks as if our domestic product has been rising at an annual rate a little above the 3 per cent we forecast earlier. Investment has been growing fast; in private manufacturing it looks like repeating the rise of 13 per cent which it achieved in 1977, and a further rise is forecast for next year.

Contrary to the expectation of nearly all economists unemployment has fallen by well over 100,000 in the last 12 months. And there is no reason to believe that this gradual fall will not continue.

The improvement in our performance *relative to that of our partners in the European* Community is equally striking. Of the nine members of the Community, only Ireland has significantly higher growth this year than Britain. Italy, Belgium, Ireland and Denmark have higher unemployment rates. France, Italy and Denmark have higher rates of inflation.

This progress has been possible in Britain because the Government has treated the control of inflation as the indispensible condition for higher growth and lower unemployment. We have maintained firm control of public expenditure and of the money supply.

The reason why we have been able not only to halve our inflation rate but also to achieve a significant fall in unemployment is that we have coupled our fiscal and monetary policy with an effective policy for pay. Only Germany among our European partners has been able to achieve simultaneous progress in both these fields.

Nevertheless, since average earnings went up by 14 per cent over the last pay round our unit wage costs have been rising faster than those of our major competitors. We therefore need a much lower increase in earnings in the current pay round if we are to compete effectively at home and abroad so that the increase in domestic demand produces jobs in Britain. If we can control the increase in unit wage costs next year we shall be able to repeat this year's improvement in our economic performance.

The pay guidelines we have set to achieve this have been followed in the vast majority of settlements so far. This provides a solid foundation for our efforts in both the public and private sectors in the coming year.

The Government has made it clear that it regards the stability of sterling as an important objective not only as a buttress for our counter-inflation policy but also as a spur to better industrial management. Recent surveys suggest that this view is now increasingly shared by British industry.

We have decided not to join the new exchange rate arrangements in the European Community at present because we are not satisfied they will contribute effectively either to our counter-inflation policies or to our policies for growth. But we shall work hard with our Community partners to develop a European Monetary System as originally envisaged at Bremen and will support action to produce stability in the world as a whole. There are signs that conditions are now more favourable for a new international initiative *in this area than they have been for some* years.

If however we are to extend the gains of the last two years the key will lie as always in an improvement in our industrial performance. After some initial doubts, both employers and trade unions are now convinced *that the industrial strategy launched by NEDC* three years ago provides an essential framework for this improvement.

For its part, the Government has already acted on most of the recommendations made by the Tripartite Working Parties which are studying the problems of the most important sectors in manufacturing. We accept that this is not simply a question of macro-economic policy or indeed of micro-economic policy, narrowly conceived. Every department of Government is now reconsidering its policies so that the needs of industry may be given a higher priority.

In the long run only patient and unremitting work by all concerned at every level from the shop-floor to the sales office and Board room will guarantee the improvement in performance which we need. The Government will do its best to provide the necessary environment and to maintain the stability required. Our progress in the last two years gives good promise for the future.

Forecasts for 1979—World economic outlook Page 14; UK and U.S. outlook Page 15; Views of industrialists Pages 16 and 17

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

OVERSEAS NEWS

THE EMS

Bonn is critical of Paris decision

BY JONATHAN CARR

BONN—The West German Government is clearly astonished by and strongly critical of yesterday's French announcement which seems bound to mean delay in introduction of the European Monetary System (EMS).

The decision by Paris to insist on solution of outstanding agricultural issues before the EMS can begin operation, is described by high officials here as "a major political error."

It is considered surprising in view of France's known desire to see the EMS come into being as Paris took over the Presidency of the European Community Council from West Germany on January 1.

It is also felt to be a regrettable signal to the United States of Western European incapacity to meet a deadline on a key initiative—even when this had been agreed at the highest level.

It is stressed that this wider political point remains valid—even though it is expected that President Valery Giscard d'Estaing and Chancellor Helmut Schmidt, the two main authors of the EMS, will be able to point the way to a compromise when they meet at the Guadeloupe summit on January 5 and 6.

The immediate reason for the delay on EMS lies in a field which has bedevilled Franco-West German relations before, namely operation of the Common Agriculture Policy (CAP).

When the Heads of State and government agreed on the EMS at the European Council in Brussels on December 5, they also urged a step to reform operation of the CAP. They proposed progressive reduction in existing monetary compensatory amounts (MCA)—the system which allows national farm prices to differ while Community prices are maintained—and said that no new, permanent MCAs should be created.

Through the operation of the MCA system, West German farmers have been able to gain much higher prices for their produce than have their counterparts in neighbouring countries—notably France.

Progressive reduction of MCA's thus gives the West German farm Minister Herr Josef Ertl, a domestic problem and could mean strains within the Bonn coalition Government. Not least for that reason, no time scale was suggested by the European Council, for dismantling the operation.

The French had quite another domestic problem—to ensure that West German farmers did not gain an additional and long-lasting bonus because of the monetary preparations needed to bring the EMS into being.

This would have happened if, as was widely though likely, the Deutsche Mark were revalued upwards as part of parity alignments before the January 1 deadline.

The French can point to a part of the Council communiqu[illegible] which appears to [illegible] their case. They demanded that any new MCA benefit gained by the West Germans through the start of the EMS would be phased out within a year. But Bonn baulked at the time scale and the matter is supposed to be thrashed out by agriculture Ministers on January 15. Without accord on this issue, France maintains reserve on other regulations involving establishment of the EMS.

This is not the first time that France and West Germany have been in disagreement on *technical aspects* of the EMS. But repeatedly when difficulties have arisen at official or Ministerial level in the past, Herr Schmidt and the French President have agreed on guidelines which allowed quick resolution.

The Shah's political options narrow

BY PATRICK COCKBURN

THE WITHDRAWAL of expatriate oil workers from Iran and the possible move of units of the U.S. Seventh Fleet towards the Gulf inevitably leads to speculation that the Iranian crisis is reaching a final crescendo. All efforts by the Shah to restore order in the streets and to end the strikes have failed dismally, if bloodily. The options now open to him are limited.

The opposition have shown that they have massive support to cripple almost every sector of the economy. From exile in Paris Ayatollah Khomeini, the focus and most effective leader of the movement against the Shah, last month called for a strike of oil workers and the call was answered. No oil is now being exported from Iran. On December 10 and 11 more than 1m people, out of Tehran's population of 4.5m, demonstrated against the Government. Despite daily shootings by troops riots sweep through city after city. If the opposition have not taken over they have successfully precipitated a collapse of government authority.

Over the last year almost the only optimistic note for the Shah has been the continued loyalty of the army. There have been sporadic incidents of soldiers shooting their officers or displaying sympathy with demonstrators, but no large scale mutinies.

The care which the Shah has shown over the past 20 years, in personally vetting military promotions and ensuring that soldiers have the best equipment and living conditions, has so far paid dividends. Just how long the loyalty of the 413,000 men in the armed forces will continue to bear the strain is uncertain.

The support of the officer corps is now keeping the Shah in power, but it has failed to reimpose his authority on the streets or in the economy. It has not prevented the past year being a catalogue of disasters for the Pahlavi dynasty. Every move the Shah has made to try to defuse the crisis by either repression or conciliation has utterly failed.

The very speed at which events have unfolded has left him struggling to impose policies which might have succeeded a few months before. Every concession has been made too late. It is difficult to believe that yesterday's invitation from the Shah to Shapour Baktiar to form a civilian government will diverge from the previous pattern.

Opposition leaders know that the Shah's offer is an expression of weakness. The military government of General Gholam Reza Azhari has simply failed to end the strikes or impose order. Even if the more moderate opposition leaders of the National Front wanted to enter such a government it is doubtful if they would carry the crowds in the streets with them. Ayatollah Khomeini, whose portrait waves above by every crowd, has made clear that the only acceptable concession by the Shah is his departure.

The Shah's ability to manoeuvre is further contricted by the general belief among Iranians that his fall is imminent. In present conditions such predictions are likely to be self-fulfilling. There are those, however, who will be unable to disassociate themselves from Imperial rule, who feel that the Shah's departure will be followed by their own. This probably includes some senior army officers Savak members and others closely linked to previous governments.

For the elite a further difficulty is that the totally centralised nature of the Shah's rule has left them without independent leaders. A crucial question in future will be how far the unity of the armed forces is dependent on the monarchy. The forthright declaration by General Azhari, after he had *formed a military government* in November, that "I am responsible—not the Shah," was probably largely an effort to direct animosities away from the throne itself. It did not necessarily imply a real change in the source of ultimate authority.

The Shah's very success in removing all legal opposition to his rule over the past 15 years has ensured that he has no moderate leaders to talk to. The National Front leaders are elderly and few have engaged in active politics since the early 1950s. This has left the large but inchoate opposition movement dominated by Ayatollah Khomeini.

Abroad the Shah has received sympathy from the West and vocal, if sometimes hesitant support from President Carter. But there is little in practice such allies can do to support him. The possible movement of American naval vessels towards the Gulf is more likely to increase the danger to Americans within Iran—originally numbering some 45,000—than to stabilise the situation.

The dispatch of such a naval task force will not redress the political damage done to the Government by the imminent departure of expatriate employees of the western oil consortium. Such an evacuation has been sternly resisted by the government. Iranians tend to over-estimate the political influence of the consortium, preceiving it as an important ally to the Government. The withdrawal will therefore be seen as yet a further blow

Khomeini expected to stay in Paris

AYATOLLAH KHOMEINI, the Iranian Shi'ite leader, is now expected to be granted an extension to his stay in France, David White reports from Paris. This is despite a series of earlier warnings from the Government about his anti Shah campaign.

The Ayatollah is awaiting a formal reply as to whether he can maintain his exile base in France after next week. An application to have his tourist permit extended was submitted this week.

Previously exiled in Iraq, he arrived in France on October 6, with a group of supporters and was granted a visa for three months, until January 5.

The Foreign Ministry said that no decision had been taken but that the request would go through normal examination procedures. Formal responsibility lay with the Interior Ministry, but the decision would be taken "at the very highest level."

Venezuela oil profits fall 35%

BY JOSEPH MANN

CARACAS—Venezuela's state-owned oil company has disclosed that its 1978 profits totalled $1.19bn, down by 35 per cent from last year, on export sales of $9bn.

The announcement yesterday came as a surprise, since Venezuela's oil exports this year are virtually unchanged from 1977, and since the company, Petroleos de Venezuela (Petroven) has the reputation of being the most efficiently run of the country's state companies.

Gen. Rafael Alfonzo Ravard, the president of Petroven, attributed the drop in profits to the fact that exports this year contained a higher percentage of heavy crude oils and heavy refined products, such as fuel oil. Theses exports, in contrast to lighter products like petrol, fetch lower prices in international markets.

In addition, the state oil concern's investment and operating costs doubled to $2.16bn in 1978, while sales fell to $9bn from $9.2bn.

Petroven, which runs a complex of oil companies nationalised in 1976, is Latin America's largest oil concern. The major units now under its control were formerly owned by foreign companies such as Exxon, Royal Dutch Shell, Gulf and Mobil.

While the Government receives most of its income from taxes and royalties levied on Petroven, the fall in 1978 income is not expected to present serious problems to the administration of President Carlos Andres Perez. The Government has borrowed heavily abroad this year to finance some ambitious projects involving steel, aluminium, hydroelectric power and transportation.

It was able thus to offset a potential decrease in income through new credits. In future, however, the Government will be obliged to restrain its hitherto uncontrolled spending and rely less on oil industry income. The President-elect, Sr. Luis Herrera Campins, who upset on December 3 the powerful Government party, based much of his campaign on the fact that the current Government, despite wild spending, had been unable to resolve the nation's fundamental social and economic problems.

Petroven, which up to now has remained free of political interference, will need to spend heavily on its own programmes over the next few years. The company, which began offshore exploration this year, estimates that it must spend more than $35bn over the next decade to keep the Venezuelan oil industry profitable and competitive.

Petroven figures show that the Government this year earned $5.65bn from the industry in taxes and royalties, against $6bn in 1977. Venezuela's petroleum income has been declining steadily since its 1974 peak of nearly $10bn. The company's operating budget this year was $2.16bn. About $930m was spent on new investment, while the rest went towards operating expenses.

Portugal refinery plan criticised

BY OUR OWN CORRESPONDENT

LISBON—Heavy seas have for the third time this year severely damaged the port of Portugal's $1.5bn petrochemical "white elephant" complex at Sines. Meanwhile political attacks continue to erode the Government's determination to maintain the complex.

Professor Manuel Jacinto Nunes, the Deputy Prime Minister responsible for economic affairs and the minister of finance and planning, has followed the line of Portugals' nine previous post-revolutionary governments and declared that the Sines project cannot now be stopped at any price.

The latest attack has come from a senior engineer, Sr. Luis Coimbra, a technical advisor on environment for several former *Portuguese governments.*

In an interview with the weekly O Tempo he claimed that the running of Sines would result in a loss of the equivalent of £22m a month from 1980 and would involve 25 per cent of the GNP.

In the present economic climate Portugal's petrochemical needs will be met by the two other refineries, possibly by one alone, he argued. If Sines should close there would be no other refinlers, possibly by one alone, he argued. If Sines should close there would be no repercussions for the country's economy.

Sr. Coimbra said there had never been a detailed cost analysis and urged the Government to compare the costs of closing Sines and of running it at half capacity.

If the complex was to be kept open then he suggested the Government should invite an oil-producing country to share in the costs of running it. The Government should also consider the possibility of an outright sale of the complex to a foreign country, he suggested.

Sr. Coimbra suspected that it would be more economic to close Sines and to continue to pay the salaries of the permanent staff. Europe was flooded with refineries and many of them have closed, he said.

The argument that the building of Sines provided valuable contracts for Portuguese companies in the metal construction and civil engineering fields was not really valid. It would have been better to have provided the companies, he argued, with state subsidies to build up their exports.

Ecevit meets generals

By Metin Munir

ANKARA — Turkish Prime Minister Mr. Bulent Ecevit yesterday met *with military* leaders here to discuss security measures amid growing concern that political violence may shift out of the 13 provinces under martial law.

Four murders, believed to have been politically motivated, were committed in four different provinces, all of them outside the grip of martial law.

"There is a possibility that terrorists may shift their activities outside martial law areas," said Mr. Ecevit. To be ready for this possibility, troops in the 54 non-martial law provinces would be reinforced.

Mr. Ecevit was forced to call in the army last Tuesday when more than 100 people lost their lives in sectarian rioting in the eastern town of Maras, 600 miles east of here. The Maras deaths raised the toll of those killed in political violence in Turkey this year to over 800.

But very few of the wide powers given to a martial law *commander have so far been* implemented and the army is trying to maintain a very low profile.

No terrorist incidents were reported from the martial law provinces by yesterday evening. A meeting took place yesterday between Mr. Demirel, the opposition leader, and Mr. Turkes, leader of the ultra Right-wing Nationalist Action Party. The two said that Mr. Ecevit should not interfere in the army's handling of martial law.

Mr. Ecevit also appealed for friendship and solidarity from the United States and other allies in the difficult time Turkey is going through. "Our allies should be closely concerned with Turkey's economic difficulties, and I hope that the U.S. will show solidarity and friendship in this time of difficulty," he said, answering a question after his routine weekly confrontation with *President Koruturk.*

Cairo security tightened after price increases

BY ROGER MATTHEWS

CAIRO — Security is being tightened in Cairo, to forestall possible violence or demonstrations caused by price increases introduced by the Government.

The Middle East News Agency said yesterday the in tructions had been issued by Mr. Anwar Sadat, Egypt's President. The official reason for the intensified security was "to prevent noise and traffic confusion."

Mr. Nabawi Ismail, the Interior Minister, had told the police to implement the law "firmly." Extra officers would be drafted to such areas as markets, cinemas and bus stations.

The first of what is expected to be a series of price increases in the 1979 budget came into effect yesterday morning. Locally produced cigarettes and petrol have gone up by between 17 and 50 per cent, although the measures still have to be approved formally by a committee of the majority National Democratic Party. The increases were imposed immediately to avoid profiteering or hoarding.

The Government emphasises that only non-essential luxury goods are subject to price reviews, and that the budget aims to maintain and improve living standards for lower-income groups.

President Sadat said on Wednesday he las looking for substantial foreign aid and investment over the next five years. Egyptian newspapers said he wanted $15bn, not E£15bn ($21bn) as had been reported in some accounts of his speech to the National Democratic Party.

Louis Fares adds from Damascus: The disagreement between Palestinian guerrilla groups over their dialogue with Jordan is near a solution, according to Palestinians here. The dialogue started after the Arab summit meeting in Baghdad, and aims at "foling the Camp David accords." Opponents of the dialogue allege it may allow Jordan to participate in the representation of the Palestinian

Indochina fighting flares

BANGKOK—Cambodia and Vietnam yesterday said more heavy fighting had taken place on their border.

Radio Phnom Penh said Cambodia had beaten back two Vietnamese invasion attempts this week in northeastern and eastern Cambodia. Over 1,000 Vietnamese had been killed or wounded.

The Vietnam News Agency and Radio Hanoi both reported that a Vietnamese-backed Cambodian insurgent movement had claimed to have killed or wounded 180 Cambodian Government troops in the border province of Kratie between December 23 and 26.

Commenting on the Radio Phnom Penh reports of clashes in northern Ratanakiri and eastern Kompong Cham provinces, a western diplomat said he thought fighting had increased in those areas, and might be continuing.

The Radio Phnom Penh broadcast reported that one attempted intrusion was along National Route 19 in Ratanakiri, and the other was along Route Seven in Kompong Cham's Fishhook salient, which juts into Vietnam.

Both roads are vital for control of north-east Cambodia. Western diplomats said earlier this month that Vietnamese troops were advancing slowly from enclaves in the Fishhook, but appeared to have stopped about 40 kilometres from the Mekong River port of Kratie.

The Vietnam News Agency and Radio Hanoi yesterday broadcast a report by Saporamean Kampuchea (SPK), the Cambodian insurgents' news agency, claiming successes against Government troops in two areas of Kratie province north of the Fishhook.

It said Cambodian insurgents in the Swai Chea and Prekitea areas had intercepted Government troops in what it described as "the liberated zone."
Reuter

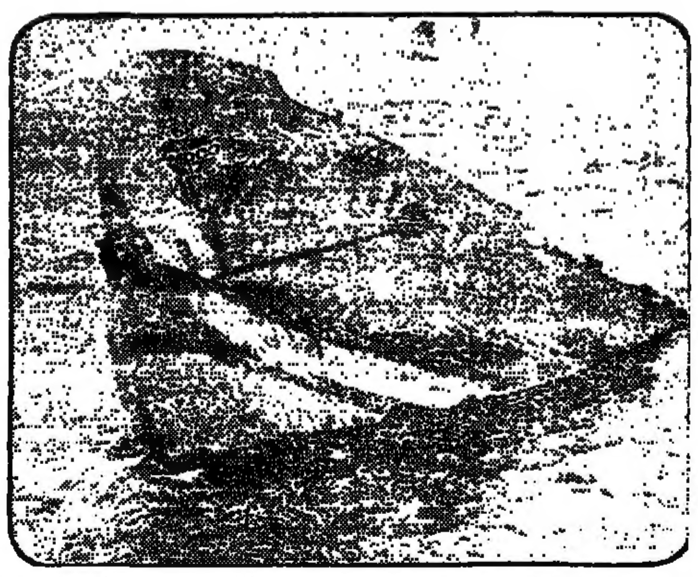
AMOCO-CADIZ INSURANCE

A test case for the oil industry

BY MARK WEBSTER

MME. ANNIE LEROY, who runs a small guesthouse in Brittany, has not forgotten the Amoco-Cadiz oil spill. "Are you from the insurance?" she asked caustically, stabbing at the air with her forefinger. "Oh, you're journalist. Well, you ought to write in your paper that we are fed up with waiting. We want compensation for a ruined summer—and we want it now."

Mme. Leroy's bitter lament is echoed right along the 60 miles of picturesque Brittany coastline where 220,000 tonnes of crude oil belched out of the supertanker Amoco-Cadiz and came ashore last March. The French Government and the people of the area have shown their bitterness by filing claims for damages in the U.S. courts of more than $1.35bn.



The gaunt prow of the Amoco-Cadiz rises high from the sea off the Brittany coast

But the hoteliers, restauranters, fishermen, shopkeepers, nature conservation societies and assorted local authorities who are suing for damages may have a very long wait, according to legal experts, for a major legal battle has already started over the claims.

If the claimants won their case in the U.S. it could mean a major upheaval for the whole system of tanker and pollution insurance. But the oil industry remains fairly sanguine about the outcome, trusting that it will be thrown out of the U.S. courts and brought back to France for judgment.

The expert in pollution law who decided to take the case to the U.S. for the local people was Maitre Christian Huglo. The Paris-based lawyer said that the system of punitive damages which the pollution-conscious American legislation allows would make any settlement substantially higher than that awarded in a European court.

At present the case has been transferred from the New York federal court to the Chicago federal court where the parent company which owns the Amoco-Cadiz is based. The French are suing Amoco, Amoco International, and Standard Oil of Indiana. Maitre Huglo said that a fourth suit would soon be filed against the owners of the cargo, Shell Oil.

However, the U.S. court must decide first whether or not the matter is bound by the Civil Liabilities Convention of 1969 which was set up through the International Maritime Consultative Organisation (IMCO) to deal with such spills. The Convention, which has been ratified by France, makes it clear that the case can only be heard by the French courts, according to legal experts for the oil companies.

The French argue that since the U.S. is not a signatory, the Convention does not apply. Nor, therefore, does its limit on liability for oil pollution of $50m. If the CLC can be sidestepped, the French Government can press ahead with its claim for $300m, the local tradespeople for their $750m and the local communities for their $300m.

The CLC is gradually taking over from the existing voluntary insurance agreements, Tovalop (set up by the tanker owners) and Cristal (set up by the oil companies) to deal promptly with claims for damages and to limit the companies' liability. The existing agreement had always been considered adequate since the highest pay-out to date had been $7.5m after the Torrey *Canyon oil spill 11 years ago.*

Maitre Huglo said he would not be dismayed if the case were rejected by the U.S. courts. If he can prove "personal fault or privity" on the part of the tanker owners then the $50m ceiling on damages could still be waived.

Insurance experts are quick to point out that the fault must be on the part of the ship owner and not on the part of the master of the ship. If, for instance, the tanker owners had instructed the captain to take a short cut which they knew to be dangerous, then there would be a clear cut case of fault, they say.

In the case of the Amoco-Cadiz much will hinge on the conversation which took place between the master of the ship, Captain Pasquale Bardari, and his head office in Chicago. Reports of what happened say that it was a matter of hours before the terms of contract were agreed between the stricken Amoco-Cadiz and the salvage tug which came to its rescue.

Boumedienne buried near national heroes

BY FRANCIS GHILÈS IN ALGIERS

ALGERIA'S second President since independence, Houari Boumedienne, was buried yesterday afternoon at El Alia cemetery, outside Algiers. His tomb is near those of his fellow-fighters of the war of independence and close to that of the man who, for all Algerians symbolises their bitter resistance against the French conquerors in the 1840s, the Emir Abd El Kadr.

Hundreds of thousands of Algerians lined the streets as the procession left the Great Mosque, *Daema El Kebir*, in the old city by the port, and moved slowly through the European part of the city, built during 130 years of French colonial rule. The crowds were well-behaved, with many people chanting: "We are with you, Boumediene."

Before being taken to the Great Mosque, his body had lain in state for 36 hours in the Palais du Peuple, in the hills over which Algiers is built. Thousands of Algerians and many foreign dignitaries who are here for the funeral had filed past the body.

A hush has descended on this usually noisy city since the announcement of the President's death. Throughout yesterday verses of the Koran were broadcast from mosques: the people are subdued and dignified; serious faces, reflecting both respect for the man who will go down in his country's history as having forged a nation where quarrelling factions had ruled, and apprehension at what will follow.

No one member of the ruling Council of the Revolution has the stature of the late President and no Algerian has forgotten the internecine warfare which racked the National Liberation Front (FLN) during the war of independence against the French and in the immediate post-independence period. The late President ruled Algeria with an iron fist in a velvet glove.

Among the heads of state at the funeral was the Syrian President, Hafez El Assad, the Presidents of Niger, Mali and Benin as well as Mme. Wassila Bourguiba, the wife of the Tunisian President. The Palestine Liberation Organisation was represented by its leader, Mr. Yasser Arafat, who stepped off the same plane as the Syrian leader.

By far the most eclectic delegation came from the U.S. It was led by Mr. Michael Blumenthal, the Treasury Secretary and its star member was undoubtedly Muhammad Ali, the boxer. The delegation also included Chip Carter the President's son, Mr. Clark Clifford, the ex-Secretary for Defence, who is also the chief lobbyist in Washington for the Algerian oil company, Sonatrach, and Mr. William Quandt, one of the senior White House advisers on the Middle East, and a respected scholar of modern North African history.

The EEC countries sent their Foreign Ministers. The UK was represented by Dr. David Owen. Political relations between the two countries have never been close, but Dr. Owen's policies in Southern Africa—in particular where Namibia is concerned—have been followed with great interest in Algiers.

More UN talks on Namibia

UNITED NATIONS—Intensive consultations on the Namibia question continued here yesterday among African members and senior UN officials. The official response to South Africa's latest proposals is to be delivered next week.

A UN spokesman said Dr. Kurt Waldheim, the Secretary-General, who is on holiday in Florida, invited his special representative for Namibia, Mr. Martti Ahtisaari, to join him there on Monday to discuss the reply.

Argentina makes final offer to Chile

Antonio Cardinal Samore, the Papal envoy trying to prevent war between Argentina and Chile over the Beagle Channel boundary dispute, took with him to Santiago on Thursday Argentina's final conditions for keeping the peace, Robert Lindley writes from Buenos Aires.

Argentina is willing to relinquish its claim to the three islands in dispute at the tip of South America—Lennox, Picton and Nueva—in exchange for Chilean concessions which would allow Argentinian ships access to Ushuaia, the capital of Argentinian Tierra del Fuego, without sailing through Chilean waters. Argentina also demands sovereignty over islets to the south of Lennox, Picton and Nueva—islands which have long been inhabited by Chilean sheep farmers—because Argentina considers these to be in its gateway to the Antarctic.

A high military officer here said that if Gen. Augusto Pinochet, the Chilean President, did not accept this offer, there would certainly be war.

Cardinal Samore arrived in Santiago on Thursday and was received by President Pinochet. The Cardinal emphasised the urgency of his mission when he left Buenos Aires, saying that he is pressed to use efficiently the time at his disposal. He said that an understanding between the two countries would "not be easy."

Spanish work to rule

Spanish air controllers started a nationwide work-to-rule yesterday, AP reports from Madrid. Departures will be allowed at 10-minute intervals at all Spanish airports, instead of the normal three minutes, to conform with what the strikers said were international flying regulations. The work-to-rule, in support of a pay claim, is to last indefinitely.

U.S. Taiwan mission

The U.S. mission met by 30,000 angry demonstrators three days ago left Taipei without incident yesterday, after talks on relations between Taiwan and the U.S., Reuter reports from Taiwan. Mr. Warren Christopher, the U.S. Deputy Secretary of State, who led the mission, said he discussed cultural, trade and other relations with Mr. Chiang Ching-Kuo, Taiwan's President, and other officials. Taiwan wants relations with the U.S. to be maintained on a government-to-government basis, and is demanding specific security guarantees.

Citibank prime rate up

Citibank is raising its floating prime rate to 11¾ per cent from 11½ per cent, effective immediately, Reuter reports from New York.

Vietnamese refugees

About 2,700 Vietnamese refugees on a Taiwanese freighter expect to be allowed to land in Hong Kong, AP reports from Hong Kong. Nguyen Wai Hon, a refugee, said in a Radio-telephone interview that the Hong Kong Government is reconsidering its decision against allowing them entry. Nguyen Wai Hon said the refugees had telephoned relief organisations in the U.S. and had been promised that representations would be made to the *Government on their behalf.*

Call for OAS meeting

Costa Rica has called for an emergency meeting of the Foreign Ministers of members of the Organisation of American States (OAS) to avert the threat of armed conflict with Nicaragua, Reuter reports from Washington. Gen. Anastasio Somoza, Nicaragua's President, threatened to retaliate against Costa Rica if it continues to harbour guerrillas. Costa Rica *denies it is providing a haven* for guerrillas, and has accused Nicaragua's National Guard of repeatedly raiding Costa Rican territory.

Canada trade surplus

Canada's trade surplus rose sharply in November to $335m from $153m in October, the Government said yesterday, Reuter reports from Ottawa. The improvement was attributed to increased trade with the U.S. Exports to the U.S. rose by 9 per cent, to a record $3.39bn in November, while imports from the U.S. rose by only 3.5 per cent from the previous month. Exports to other countries rose by 14 per cent, with more than two-thirds of this coming from increased exports to Japan. Imports from Japan fell for the second successive month, but imports from developing countries and oil purchases went up.

Indonesia price rises

Prices of several export commodities will rise by between 6 and 66 per cent in the first quarter of next year, the Indonesian Department of Trade announced yesterday. The commodities include rubber, palm oil kernels, wood, copra, fresh shrimps and rice bran, AP-DJ reports from Jakarta.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $295.00 (air freight), [illegible] (air mail) per annum. Second class postage paid at New York, N.Y.

هكذا من الأصل

Chrysler directors resign before Peugeot reshuffle

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NINE directors have resigned from Chrysler UK in preparation for next week's restructuring of the Board.

The shake-up was to be expected after the acquisition of Chrysler's European operations by Peugeot PSA of France, which takes formal effect on January 1.

Details of the new Board will not be disclosed until after a meeting on Wednesday afternoon.

Some of these directors who have resigned will probably be included as well as Peugeot nominees and, possibly, people not previously connected with either Chrysler or Peugeot.

It seems unlikely that a two-tier structure will be introduced, as happened with Chrysler France earlier this week. There will be one Board in the traditional British style.

The directors who have resigned include Mr. George Lacy, managing director, who has denied rumours that he plans to leave the group.

The others are Mr. Joe Daly, finance director for Chrysler's European operations; Mr. John Day, who is to be transferred from his present post as president of Chrysler France to a job with the parent corporation in the U.S.; Mr. Ed. Doyle, comptroller of Chrysler U.S.; Mr. Peter Griffiths, deputy managing director; Mr. Gordon Kennedy, director of purchasing; *Mr. Don Lander, president of* Chrysler International; and Mr. Christopher Parsons, a solicitor.

One of the two UK Government nominees on the board, Mr. Claud Birch, retired earlier this month for health reasons.

The UK *Government* will continue to exercise its right to nominate two board members.

The other present Government nominee, Mr. Roy Grantham, has remained a member of the "caretaker" board, with Mr. Gilbert Hunt, chairman; Mr. Angus Murray, the industrialist and board member of the Prudential Assurance Co.; Lord Roll of Ipsden, a director of S. G. Warburg, the merchant bank; M. Georges Herell, former president of Chrysler France and Mr. Louis B. Warren, a member of the U.S. Chrysler board.

Chrysler UK said last night that the changes were a logical *development in* the relationship between Chrysler and Peugeot PSA. "Before you can create a new structure you dismantle the old one."

Thatcher forecasts massive Tory win

BY RICHARD EVANS, LOBBY EDITOR

A CONFIDENT Mrs. Margaret Thatcher told Conservative Party workers in a New Year message yesterday that the Tories would be returned to power next year by a "massive" General Election victory.

She based her prediction on a distinct change she had noticed in the electorate in her recent visits up and down the country.

"I can best describe it by saying that mere frustration and exasperation are giving way to hope, to a realisation that the kind of mess we are in can be ended by bold personal enterprise," she said.

A General Election next year would end the terrible feeling of uncertainty about the nation's future by which almost everybody was afflicted and bring the Tories back to power.

People were heartily sick of being confined and tripped up at every point by State regulations. They had cottoned on to the truth that it was these regulations which were producing the very troubles such as poverty and unemployment that they were supposed to remedy.

Ordinary men and women in business, on the factory floor and in the professions were clamouring for the right to start working out their own destinies and to free themselves from the apron-strings of the "governess state."

That was exactly why Labour was desperately trying to frighten the electorate with such phrases as a "free for all." But the public was fully aware that freedom and responsibility were dependent upon each other.

"The choice, not only in economics, but over the whole range of home affairs was not between liberty and order, but between state despotism and freedom under the law."

Mrs. Thatcher castigated the Government's "terrible record of failure" involving massive unemployment, the paralysing of production, the rising crime figures, and the crisis in the health and educational services.

"It would be a benign sort of miracle indeed if a party with all this to its discredit were to be given another term of office."

Mr. Callaghan and Mr. David Steel, Liberal leader, will issue New Year messages to their supporters at the weekend.

Newsprint increase may be passed on

BY JOHN LLOYD

PRICES for newsprint from British manufacturers will rise from Monday, with possible repercussions on cover prices of newspapers.

Reed and Bowater have told their customers that, subject to a successful application to the Price Commission, newsprint prices will go up by 8.5 per cent on all grades from January 1.

The two companies supply about 20 per cent of the UK market.

The Swedish, Norwegian and Finnish newsprint industries said earlier this year that they would raise prices by the same margin from the beginning of next year.

These industries supply about 40 per cent of UK newsprint needs. The Canadian industry, which supplies most of the remaining market, will also follow suit.

The increases notified to customers are: 45 gramme newsprint, up from £254.50 per tonne to £276.50 per tonne; 48.8 gramme newsprint, up from £235.50 per tonne to £255.50 per tonne; 50 gramme newsprint, up from £229.36 per tonne to £248.88 per tonne.

Regional newspapers, which are generally profitable, may be *able to absorb a rise of this* kind, but national newspapers, which work on slim profit margins—where they are not making losses—are likely to be forced to pass on the price increase sooner or later.

Government puts £13.5m into improving schools

FINANCIAL TIMES REPORTER

LOCAL education authorities throughout the UK have been allocated an additional £13.5m in 1979-80 for replacing and improving old schools.

It brings to £125.4m the sum that authorities may borrow for school improvements in 1979-80.

The £13.5m is the first part of £75m over the next three years announced by Mrs. Shirley Williams, Secretary of State for Education and Science, this year. Details of the new allocations were given to local authorities yesterday.

New allocations for 1980-81 and 1981-82—about £25m in each year—will be announced in the new year.

In distributing the money the department has considered the school population in each authority's area, *the number of* places in unmodernised pre-1903 primary schools and unmodernised secondary schools with pre-1919 classrooms, and the numbers of pupils in substandard schools and who live in areas of educational and social disadvantage.

In London, Bexley, Newham and Haringey have had their allocations substantially increased while the West Midlands' allocation has been increased from £6.2m to £7.2m

CBI starts review of industrial policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry is likely to adopt a more critical approach to the value of the Government's industrial strategy exercise after a review it is about to begin of its industrial policies.

Leading industrialists are concerned that companies are not getting sufficient benefit out of the strategy and its sector working parties, which take up a considerable amount of management time.

While there is no question of companies wanting to pull out of the working parties for that reason, the Confederation is to assess whether it ought to press for changes in the coming year.

This will influence the proposals to be put forward by the Confederation at the February meeting of the National Economic Development Council, which will be considering the future of the strategy.

The work will be carried out *by the Confederation's new* industrial policy committee, whose chairman, it was announced yesterday, is to be Sir Campbell Fraser, chairman of Dunlop Holdings.

This is one of two committees being created by the Confederation. The other is an economic and financial committee whose chairman is to be Sir Adrian Cadbury, chairman of Cadbury Schweppes.

Until now, industrial issues have been dealt with by various other Confederation committees, which has meant that policies have not always been fully co-ordinated on matters such as the *strategy, planning agreements*, the National Enterprise Board, and Government industrial aid schemes.

The new industrial committee will cover all these subjects as well as competition and regional policies. Its views will be of special significance when the coming General Election makes industrial policies a major political issue.

Its first task is likely to be a review of the costs and benefits to companies of taking part in the industrial strategy's sector working parties which are run by the National Economic Development Office.

The review will range over national issues as well as details of the working parties' activi*ties. For example, it is likely to consider whether it should* ask the Government to contribute more to the strategy through its taxation and public spending policies and through the work of various Government Departments responsible for matters such as education and training.

It is also likely to examine the usefulness of import targets which have been set for some industries by the working parties. It will ask whether their implementation is compatible with the Confederation's determination to leave companies free to make their own business decisions.

Sir Campbell Fraser, who will be in charge of this work, was chairman of the Confederation's economic situation committee until last year.

Sir Campbell Fraser

Bridge plan revived

By Lynton McLain

TEN-YEAR-OLD plans for a new bridge across the Thames will be revived early in the new year as the Greater London Council and the City of London Corporation study a river crossing downstream of Tower Bridge.

The plans drawn up in the late 1960s, were to ease congestion as a 28-tons laden, weight limit was applied to the bridge.

From the end of next month, the limit will be five tons unladen. Most heavier vehicles will have to use other London bridges or Blackwall or Dartford Tunnels.

The GLC is to reconvene a working party disbanded three years ago, to study crossings.

Liberal MPs argue over Ulster policy

BY OUR LOBBY EDITOR

A BITTER argument raged among Liberal MPs yesterday over the issue of the phased withdrawal of British troops from Northern Ireland.

Mr. Cyril Smith, MP for Rochdale, first claimed in a radio interview that a growing number of the party's 13 MPs were in favour of withdrawal, and he predicted a change of policy would be agreed by the party next month.

But Mr. Clement Freud, MP for the Isle of Ely and the party's Ulster spokesman, issued an immediate strongly worded denial and claimed that Mr. Smith's comments had been "*exceedingly unhelpful*" both to the Liberal Party and the people of Northern Ireland.

"It would simply encourage the men of violence," he declared. "We have made our stand very clear and that is that we back the line taken by Mr. Roy Mason, Northern Ireland Secretary." Mr. Freud's views are known to be in accord with those of Mr. David Steel, the party leader.

Mr. Freud described Mr. Smith's advocacy of withdrawal as a populist measure and argued that if the IRA went to Rochdale, Mr. Smith would be the first to go to Parliament and beg for troops to be sent.

Mr. Smith said yesterday that there was likely to be a *majority of Liberals* in favour of withdrawal when the next party meeting was held at Westminster next month.

Further house price rises predicted

By John Brennan, Property Correspondent

HOUSE PRICES are soaring in *spite of higher interest rates* and a scarcity of mortgages, according to the Incorporated Society of Valuers and Auctioneers. And the Society believes that this "inexorable upward trend" in prices looks like accelerating next year.

Its quarterly state of the housing market report, published yesterday, says that in the last three months, "there have been few signs of any real easing up in the rate of increase in house prices despite the slowing down in building society lending and the higher interest rates."

The society, which represents nearly 8,000 estate agents throughout Britain, estimates that house prices rose by an *average of 5 per cent in the three months* to the end of last month.

Supply

In that period, houses costing less than £12,500 rose in price by an average of 4.5 per cent. Medium priced houses, between £12,500 and £20,000, showed the greatest increases, rising by 6.4 per cent, and the prices of houses in the ranges up to, and over £35,000, rose by 5.5 per cent and 4.7 per cent respectively.

The report suggests that it is the scarcity of property on the market that continues to fuel price rises.

New standards for offshore support ships

By Lynton McLain

NEW SAFETY standards for vessels used to support and supply offshore installations come into effect on January 1.

The new Department of Trade requirements affect standby safety vessels, which by law must be no more than five miles from the offshore platform, and which are designed to accommodate all its workers if the platform is evacuated.

Each ship will have to provide first aid and act as a reserve radio station.

Offshore operators and the Energy Department have agreed to employ only vessels complying with the new requirements.

Financial group managers defy dismissal threat

BY PAULINE CLARK, LABOUR STAFF

PROVIDENT Financial Group, the Bradford-based consumer credit concern, is threatening what could be the biggest mass dismissal of management staff in Britain because of a pay dispute affecting about 1,400 managers.

The managers, over 90 per cent of whom are represented by the Association of Scientific, Technical and Managerial Staffs, have been operating sanctions over a substantial pay claim since November 24.

This week they were told that if they did not return to normal working by next Tuesday, they would be dismissed.

They have rejected an offer of a 12 to 13 per cent increase with productivity from January and in spite of the dismissal warning they have decided to *continue industrial action in* what appears to be a battle in the traditional style of free collective bargaining.

Mr. Edward Davies, joint managing director, said yesterday that the company had not been directly influenced by Government pay policy but by normal commercial restraints in making the final offer.

He was "mystified" by the response. "It is out of character with the good relations we have had with both union and staff in the past and the action certainly cannot be justified on the pay issue."

Under last year's 10 per cent Government pay policy, the company weathered difficulties with the Treasury after awarding an 11½ per cent increase to its managers. This year also its offer is said to take into account such factors as pay comparisons with competing companies.

The union said yesterday that it was holding out for a "substantial" increase which the company claimed amounted to full consolidation of an average 31 per cent increase with bonuses last year plus another 15 per cent on basic pay.

The offer of an 8 per cent basic increase, however, was described by Mr. Russell Miller, national officer in the ASTMS, as "nothing like enough in the present climate." In other companies, he said, the union was achieving increases of between 16 and 22 per cent.

Militancy among the managers has led to such sanctions as withholding all records of weekly cash returns.

The action has been sustained although the managers are separated in twos and threes among about 480 Provident branches throughout the country. Each branch co-ordinates the activities of about 11,000 agents.

With the new offer, branch officers would receive between £4,500 to £8,000 a year.

Scots lorry drivers poised for strike

BY OUR LABOUR STAFF

ROAD HAULAGE employers in Scotland saw little hope yesterday of averting a threatened all-out strike by their 5,000 lorry drivers from Wednesday.

How far lorry drivers elsewhere in Britain will folow the Scottish lead is uncertain. A national strike has been threatened, but negotiations are continuing in many regions and any early acts of militancy are expected to be scattered and *short-lived*.

Scotland has taken the lead this year in the annual wage round for Britain's lorry drivers and, like the West Midlands last year, has finally made an offer in breach of the Government's pay policy.

At a meeting on Thursday night, Transport and General Workers Union leaders rejected a 13 per cent offer on basic rates with another 2 per cent in fringe benefits. This was revised from a previous 5 per cent offer in line with pay policy.

The drivers, who are said to receive a basic top rate of £53 for a 45-hour guaranteed week and earn a minimum of £62.94 a week, are demanding a 22 per cent rise. The present offer would raise their pay to £71.25 a week.

The Scottish Road Haulage Association, representing about 1,000 employers, said that it was "very disappointed" with the response. Recalling the damaging strike by the Scottish drivers in 1974, the association said that it was "appalled" at the prospect of a strike.

Crime's tax on honest shoppers

NEWS ANALYSIS

Shoplifting

BY DAVID CHURCHILL

BY THE end of store trading tonight, Britain's retailers will have had to cope during this year with a record number of shoplifting cases. With stores throughout the country packed for today's bargain sales, thieves are expected to take advantage of the crowds and end the year on yet another shoplifting spree.

Accurate figures for shoplifting cases reported will not be available until early next year, but most retailers expect that the increase this year will be much more than last year's rise of a fifth. Last year, 217,276 shoplifting offences were reported to the police—yet many shoplifters are not caught, and many more cases go unreported.

Conservative estimates put the overall losses to retailers at about £700m, including thefts by employees, and the true figure might be twice that. Retailers declare that the losses represent a Great Train Robbery every 36 hours.

Put another way, a 2 to 3 per cent "theft tax"—as much as most supermarkets earn in net profit margins—*is paid* by honest customers in higher prices.

Paradoxically, although shoplifting is on the increase, some retailers have had their best Christmas in preventing thefts. The 2,000 extra police officers drafted into London's West End as part of the "Operation Santa" campaign against bombers, with tighter security in the stores themselves, is understood to have led to a sharp fall in shoplifting in the week before Christmas.

Greater co-operation among retailers in guarding against groups of professional shoplifters, and "blitzes" in certain areas where police and security staff mount extensive campaigns against theft, have achieved significant success in some areas, albeit a small part of the country.

Last night Lady Phillips, director of the Association for the Prevention of Theft in Shops, said that because of the *success of the retailers' anti*-theft campaigns, further action was being planned for next year.

The association was set up in *1977 by the big multiples and* department store groups, including House of Fraser, British Home Stores, Marks and Spencer, W. H. Smith and Boots, as a pressure group to educate retailers and the public about the rapid rise in shoplifting.

It seeks to convince people that shoplifting is merely a euphemism for theft and that people who steal are committing *an anti-social crime against the* community, out of greed.

Lady Phillips says: "Our objectives will have been achieved when and if it is acknowledged in a changed climate of opinion that theft by either customers or staff is wrong on moral and economic grounds."

To achieve that change in opinion, the association is lobbying educationalists, youth groups, trades unions, the churches, media and social services. It is also co-operating with embassies, High Commissions and tourist boards to ensure that overseas visitors are made aware of the British retailing system and the penalties for theft.

Tourists, a high proportion of shoplifters *in summer, often* claim to be confused and overwhelmed by the temptations offered by self-service selections. Crowded stores also enable other thieves to take advantage of confusion.

The association's other chief role is to *organise retailers* to co-operate more with one another and to keep them informed of new anti-theft *devices*.

The association's task, however, is fraught with contradictions. Although retailers pay lip service to the idea of preventing theft, little doubt exists that the growth of self-service methods and other *marketing* techniques make shoplifting easier.

Putting umbrellas next to the door on a rainy day because *that is where they sell best is* good sales practice but poor security. Yet theft losses have to be quite high to persuade the retailer to move the display to a more secure place.

The growth in size of stores groups and multiples has enabled shoplifters to rationalise their crime by considering the theft as being against a large, impersonal company rather than an individual.

Many retailers, moreover, have been reluctant to prosecute in every case of theft because of the amount of management time that can be lost in attending a court case, or because of the bad publicity attached to prosecuting children or old age pensioners. But theft by children and young people is the fastest growing crime area for retailers.

A Home Office report on shoplifting notes that few shoplifters will bother with devices such as concealed pockets and false-bottomed shopping bags, which hit the headlines.

Most rely on working quickly, using a moment's inattention by staff to allow them to slip an article into a pocket or open bag.

According to Mr. Gordon Philips, deputy managing director of the Group Four security organisation, about one in every 50 people going into a supermarket will steal, on average, £1.80 every time. In a department store, one in 100 will steal *£4*, on average.

Since retailers are most unlikely to forsake modern marketing techniques in the interests of security, a balance has to be struck between allowing honest customers to buy goods as cheaply and conveniently as possible, and avoiding encouraging crime.

The biggest deterrent to shoplifting is simply being seen. Shop whose staff are alert to the practice is the sort that shoplifters tend to avoid. Staff training is thus an important part of the measures that can be taken—as is total management com*mitment to reducing shoplifting*.

Technical devices such as television monitors and convex mirrors can also make a big contribution to cutting down thefts, as several stores have proved.

Lady Phillips's association believes that all shop thefts should be prosecuted and that the police throughout the UK should vigorously undertake their prosecution.

The association said in evidence to the Royal Commission on Criminal Procedure that although most police forces outside London undertake criminal prosecutions for shop theft or staff dishonesty, in London the police have *encouraged large retailers* to carry out their own prosecutions.

Large multiple chains such as Marks and Spencer operate a firm policy of pressing for a prosecution in all cases. Marks, as policy, also dismisses and prosecutes any *staff* member caught stealing.

Extensive staff training on such subjects as correct stock and till control, as well as its traditional good facilities and fringe benefits, has minimised pilfering by staff.

Although the actual number of thefts by staff reported to the police rose by only 7.3 per cent in 1977, to 31,656 — compared with 217,000 shoplifting cases reported—the amounts lost by staff pilfering are proportionately much higher.

Home Office figures suggest that for every £1 "lost" by a retailer, about 30p genuine wastage, 30p is through shoplifting, and the rest through staff theft.

The favourite target for dishonest staff, according to the Home Office, is the cash register, with under-ringing probably the most frequently used technique.

Although some prominent retailers adopt a tough line on all forms of theft, others are reluctant to act firmly for fear of upsetting the bulk of staff, who are honest.

Such consideration, however, is fast disappearing in the face *of the rising losses from theft* in all forms. Retailers are begining to realise that greater steps to control pilfering by staff and shoplifting by customers can provide a welcome boost to profits when High Street trading is competitive.

Profits up 12.5% this month

DECEMBER is usually an exceptionally quiet month for annual reports and accounts from industrial companies and only 31 have been received.

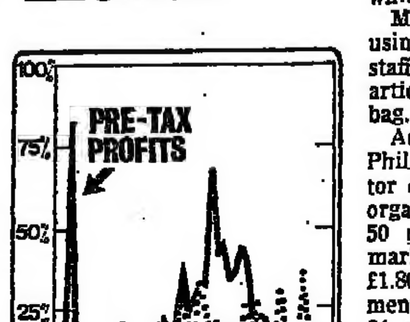
However, this month's reports marked a return to pre-tax profits growth after last month's fall of 5.7 per cent. Compared with the comparable year-ago figures, profits rose by 12.5 per cent, which was the largest increase since September's 15.9 per cent.

This month's upturn was helped by good results from British Sugar, which reported a profits rise of 25.7 per cent.

Average profit rises over the four quarters of this year were: January-March, 15.9 per cent; April-June, 8.4 per cent; July-September, 13.8 per cent; and October-December, 0.5 per cent.

Profits in reports received during the whole of this year showed an increase of 11.6 per cent over last year's reports.

Overall dividend costs in this month's reports showed a gain of 17.1 per cent on last year's comparable figure. This brought the average increase to 15.9 per cent for the final quarter and to 19.2 per cent for the year.



First 600 staff quit Times Newspapers

BY CHRISTIAN TYLER, LABOUR EDITOR

YESTERDAY was the last day at work at The Times and The Sunday Times for about 600 staff, many of them secretaries and tele-ad girls. Their notices run out on Tuesday, when the suspension of the two newspapers on November 30 will begin to affect the staff.

From now on, 100 staff will be put out of work each week. Length of notice ranges from two weeks to three months for most of the 4,300 employees.

Mr. Duke Hussey, managing director, said last night that the company was extremely sorry to be losing many "highly valued" staff, many of whom had wanted their union officials to sign agreements with the company.

Their dismissal was "one of the consequences of our determination to get our operations on to a more rational basis, free from wildcat stoppages."

Times Newspapers is understood to be preparing a new letter to its staff for next week. It will probably set out what the management sees as the intransigence of the main craft union, the National Graphical Association, in refusing to negotiate except on its own terms.

The company is trying to step up the rate at which internal union agreements pledging industrial discipline and co-operation in new technology are signed. So far, only 18 groups out of 54 have agreed.

Unless the NGA changes its stance—there is no sign of The Times management's changing its own—the stoppage, which has become a lock-out for many employees, might drag on for weeks.

The longer it does, the harder it might be for The Times to avoid closing entirely.

Arbitration offered

AN OFFER of conciliation in the national pay strike by provincial newspaper journalists, now in its fourth week, was made yesterday by the Advisory, Conciliation and Arbitration Service.

ACAS' *informal* approach was welcomed by the National Union of Journalists, which called on the employers' body, the Newspaper Society, to reconsider its refusal to resume negotiations while the strike continued.

THE WEEK IN THE MARKETS

Tough for gilts, patchy elsewhere

LONDON

ONLOOKER

Gilt-edged stocks have had a dismal year. The Government Securities Index has fallen 12.6 per cent from the high point which was struck on January 3, the year's first trading day: long yields have risen by two points or more and short yields by between three and four points.

Money rates have been under constant upward pressure from rising New York rates and the market has never really recovered from the £8.5bn target set in the April budget for the Public Sector Borrowing Requirement, which it was felt could not be financed without higher interest rates if monetary policy was to hold. The Chancellor's anticipatory raising of Minimum Lending Rate by one point to 7½ per cent on Budget day turned out to be hopelessly insufficient.

After an uncomfortable May in which fund managers found themselves accused of sabotaging the official finances by failing to buy gilts, MLR was duly raised to 10 per cent on June 8, the corset was brought back and the Government Broker caught up on his funding. There was another orgy of gilt sales in the autumn when MLR was put up to 12½ per cent, a level from which the next move was intended to be downwards. As the year draws to a close U.S. interest rates are still rising and there is no immediate prospect of cheaper money in London.

Company profits

The bleak winter checked corporate profits growth in the UK during the opening months of the year, and although the figures subsequently picked up, the performance has been pretty sluggish—at least in historic cost terms. An analysis by brokers Phillips and Drew suggests that profits of the top 150 companies have only risen by 10 per cent over the year.

But the picture has been extremely patchy. Aided by a big jump in real incomes and the accompanying increase in consumer spending, the consumer durable sector has had a very good time — and so have many of the retailers. But some of the large engineering companies have had a dismal year, and there has not been much joy in the textile sector either. Shipping has been a disaster area.

In real terms, however, the corporate sector's performance during the year looks much more healthy. This is because stock appreciation has had much less of an inflationary impact on the numbers than it did during 1977. The latest official figures show that during the first nine months of the year company profits net of stock appreciation rose by over a fifth. And whatever the stock market may think, businessmen generally seem to be surprisingly confident about the outlook for 1979.

New issue revival

If the new issue market has proved anything this year it is that there is still scope for small growth companies to come to the market and that the stags are far from dead. Putting aside Hunting, where the company floated off its oil and gas interests in a separately quoted vehicle, there have been seven offers for sale, all of which have been highly successful.

The retail sector dominated the new issue front, but the award for bravery must go to Saga Holidays and County Bank. The holiday company, specialising in tours for the elderly, was the first to test the water with an offer raising a modest £2.2m. The issue attracted £26.8m—smiles all round, but as events showed later this was only a taste of things to come.

High technology electronics, in the shape of Eurotherm, was next on the list. The company had that touch of glamour that caught the market's (and the stag's) imagination. A staggering £245m was put up for the tiny £2.8m issue—the largest response to an issue in the year. From then on came the retailers, Cartiers Superfoods, Ernest Jones Jewellers, Kitchen Queen, Harris Queensway and Milletts-Leisure Stores.

All can claim to have been highly successful on application day with only Kitchen Queen having disappointed investors in terms of price once dealings started. Kitchen Queen's rating in terms of p/e and yield looked reasonable against other new issues from the stores sector, but the company's profits are based on furniture manufacturing rather than retailing and though the £2m issue was 30 times oversubscribed the market price has hardly budged from the actual offer level. This is the only issue where the stags have caught a chill if not a cold.

The rights issue market may have started with a bang rather than a whimper as it did the year before but it could not sustain the pace. Boosted by a £96m cash call from Midland Bank the January rights issue total amounted to over £102m against a mere £1m in the first month of 1977. But, apart from August it was the only month to produce more cash calls on shareholders than 1977. As the book closed on 1978 a total of £523m had been raised by rights issues compared with £774m the year before.

The other feature of note in 1978 was the death of the preference scrip. Early in the year an increasing number of preference scrip issues were coming through as a way round dividend restraint. It was an obvious way of boosting shareholders' income but Campari's attempt in October to swing a preference scrip with a 500 per cent coupon was too much for the men at the Treasury who quickly boarded up the loophole catching out not only Campari but a few others with scrips in the pipeline.

Takeover activity

Takeover activity rose in 1978 for the third year running. In the first three quarters of the year 413 companies were acquired for £847m, compared with 357 firms and £608m in the same period of 1977.

The great majority of these were relatively small deals, but there were 15 takeovers worth over £10m in the first nine months and the rhythm has been more than maintained over the final quarter of the year. Five UK bids have been worth more than £50m.

Of these it was probably the Allied Breweries offer for J. Lyons that attracted the most attention. Allied managed to *push the deal through after* quelling initial criticism from a powerful faction of its own institutional shareholders. The institutions were more successful in preventing S. Pearson from buying out minority holdings in Pearson Longman.

The year's biggest bid was Harrison and Crosfield's £95m raising of its stake in Harrisons Malaysian Estates to 80 per cent, followed by GEC's still outstanding £83m offer for Averys. Lloyds and Scottish sold its British Relay television rental assets to Electronic Rentals for £61m, roughly the value of the Allied/Lyons bid, and Coral Leisure paid £53m for Pontins.

GEC's offer for Avery's came within days of its agreed bid for the U.S. office equipment company A. B. Dick. Another determinedly acquisitive company, Hawker Siddeley, paid £23m for a majority stake in Carlton Industries and has a £40m bid outstanding for Westinghouse Brake and Signal.

INDEX MOVEMENTS OVER 1978

	Index y'day	% change on year	1978 High	1978 Low
Industrial Ord.	470.9	− 3.0	535.5	433.4
Government Secs.	68.69	− 12.0	78.58	67.92
Gold Mines	141.5	+ 6.2	206.6	124.1
Building Mats.	203.37	+ 6.0	226.66	166.30
Contracting	357.94	+ 5.2	419.51	289.35
Electricals	536.74	+17.1	583.72	404.47
Eng'ing Cont.	352.47	+18.4	384.53	270.95
Mech. Eng'ing	181.29	+13.1	204.75	149.87
Metals	159.35	− 0.8	182.91	154.22
Electronics	261.91	+12.7	280.21	209.01
Household Goods	166.34	− 0.9	190.17	160.54
Motors and Dist.	119.57	− 1.8	135.65	104.68
Breweries	231.47	+ 0.5	241.57	204.04
Wines and Spirits	282.48	+11.6	301.24	229.85
Ent., Catering	267.55	+ 2.4	281.53	219.62
Food Manf'g.	199.66	− 0.7	223.85	175.37
Food Retailing	227.62	+ 5.8	237.92	176.53
News, Publishing	367.88	+ 6.2	421.75	269.59
Packaging, Paper	130.73	+ 0.6	155.65	119.11
Stores	189.76	− 2.1	218.54	165.17
Textiles	178.39	+ 4.3	191.90	160.85

	Index y'day	% change on year	1978 High	1978 Low
Tobaccos	235.10	+ 3.6	266.50	214.88
Toys and Games	91.46	− 9.3	125.21	90.12
Chemicals	275.26	+ 5.2	315.28	238.69
Pharmaceuticals	242.72	− 7.3	291.13	228.41
Office Equipment	128.71	+ 4.2	150.75	117.48
Shipping	406.20	−13.5	483.01	393.90
INDUSTRIAL GRP.	216.21	+ 3.6	241.43	186.02
Oils	505.29	+ 5.8	533.26	417.98
500 SHARE	240.20	+ 3.9	265.03	205.42
Banks	195.51	− 0.3	204.36	171.58
Discounts	212.93	− 5.2	228.33	185.20
Hire Purchase	163.63	− 1.5	170.55	136.39
Insurance (Life)	133.13	− 5.1	157.59	124.97
Insurance (Comp.)	122.51	−10.9	143.46	115.15
Insurance (Brokers)	309.53	− 7.6	372.27	301.20
Merchant Banks	77.40	− 6.0	87.48	71.00
Property	267.42	+ 9.3	270.23	210.03
Investment Trusts	202.80	− 2.4	243.92	176.48
Mining Finance	101.26	+14.3	115.20	85.39
Overseas Traders	292.68	− 4.2	337.68	262.26
ALL-SHARE	220.22	+ 2.7	242.30	191.15

U.K. INDICES

Average week to	Dec. 29	Dec. 22	Dec. 15
FINANCIAL TIMES			
Govt. Secs.	68.67	68.57	68.80
Fixed Interest	70.22	70.24	70.16
Indust. Ord.	474.0	477.2	483.5
Gold Mines	142.4	139.1	134.3
Do (Ex. $ pm)	99.6	99.9	97.9
Dealings mkd.	2,225	3,011	4,071
FT ACTUARIES			
Capital Gds.	232.54	233.94	237.91
Consumer (Durable)	208.97	209.13	211.91
Cons. (Non-Durable)	207.79	208.41	211.22
Ind. Group	217.56	218.34	221.46
500-Share	241.82	243.03	246.04
Financial Gp.	169.06	169.07	169.82
All-Share	221.66	222.51	225.17
Red. Debs.	54.81	55.02	55.10

Return trip

NEW YORK

STEWART FLEMING

ON MOST measurements Wall Street's stock markets are ending 1978 pretty much where they began it. But any suggestion that it has been an uneventful year can quickly be dismissed, for investors have enjoyed, or suffered, a roller-coaster ride in the course of which big profits have been made as well as heavy losses incurred.

The Dow Jones Industrial Average, for example, has swung between a trough of 742.12 in February and a peak of 907.74 in September. It is closing the year around the 800 mark, not far below the 831.17 level at which it opened in 1978.

The broader Standard and Poors 500 index has been as low as 86.9 and as high as 106.9 during the year, and looks like ending 1978 almost exactly between the two extremes, little changed from the 95.10 mark *which was where it opened* at the beginning of the year.

On Wall Street as investors survey the events of the year there is no concensus about whether the stock market has taken a step nearer what some observers are describing as a "black hole," which will see the Dow Jones average plunging to under 700, and perhaps as low as 600, or whether instead it has taken a pace in the direction of salvation.

Not altogether surprisingly the salvation thesis has the broadest following in the investment banking and stockbroking houses, even though many of these firms are busy diversifying their own businesses into insurance, real estate or commodity trading just in case.

Thus while there is a widespread feeling that the stock market will suffer a grim start to 1979, with adverse news such as rising interest rates, rapid inflation and the Iranian troubles to contend with, there is a growing conviction—some would say a desperate hope—that by 1980 a brighter picture will be emerging.

The supporting arguments are well worn of course. Share prices, it is said, are low in relation to asset values, selling at perhaps a fifth more than book value, and perhaps 40 per cent *or more below the* replacement cost of assets. The shares in the Standard and Poors 500 list of major companies are yielding just under 5.5 per cent in dividends, and selling on multiples of just over eight times earnings.

The optimists are also employing broader arguments to support their case. Beating inflation they say is now a political priority and so is defending the dollar.

Other political trends favourable to business and the investor are also cited. Washington, it is said, is now showing greater responsiveness to the needs of business and to the importance of encouraging productivity and investment.

It was also the year when for the first time in decades the private investor bought more ordinary shares than he sold. These straws in the wind, it is argued, suggest that perhaps the tide which drowned the "cult of the equity" in the 1970s is beginning to turn.

The problem, of course, is that they are still only straws in the wind. The cynics retort that getting inflation down from 10 per cent to 6 per cent is not a victory, and wonder how long these priorities will survive in the face of rising unemployment and a presidential election.

As Goldman Sachs pointed out in a recent circular while the private investor may have been a net purchaser of ordinary shares in 1978, the dominant institutional group, the pension funds, are still reducing the proportion of their portfolios committed to equities and increasing their commitments to bonds and cash.

In 1950 debt securities accounted for 75 per cent of pension funds investments. By 1972 the proportion had slumped to 22 per cent, while equity holdings had ballooned to 74 per cent. Today that equity proportion is probably back down to around 50 per cent as pension funds (like other institutional investors) have funnelled new funds into fixed interest investments.

Will the institutions continue to reduce the proportion of the portfolios in equities? Or will they begin to shovel the mountain of cash they have accumulated into ordinary shares?

Wall Street brokerage houses saw record trading volume in the spring rally, when foreign investors began buying up shares as well as U.S. real estate and property. Some 66m shares traded on one day, and for the year as a whole on the New York Stock Exchange an unprecedented 7bn shares changed hands.

SOME U.S. LAGGARDS AND LEADERS
(Percentage gain or loss) to December 27

Boeing	+161.8%
Polaroid	+97.0%
Teledyne	+74.0%
Eastman Kodak	+19.3%
International Business Machines	+10%
General Motors	−12.7%
Monsanto	−17.6%
Colgate Palmolive	−22.5%
Sears Roebuck	−28.0%
U.S. Steel	−31.3%

Source: Interactive Data Corp.

LEADING AND LAGGING INDUSTRIAL SECTORS IN STANDARD AND POORS 500
Year to December 20

Aerospace	+47.0%
Hotel/Motel	+46.0%
Toys	+35.0%
Machine Tools	+35.0%
Airfreight	+35.0%
Department Stores	−19.0%
General Merchandise	−21.5%
Truckers	−26.7%
Coal Bituminous	−30.0%

Source: Goldman Sachs.

CLOSING INDICES

Monday	closed	
Tuesday	816.01	+7.54
Wednesday	808.56	−7.45
Thursday	805.96	−2.60
Friday	805.01	−0.95

The thoughts of four chairmen

BY MR. MURRAY HOFMEYR, LORD ERROLL OF HALE, SIR MARK TURNER AND MR. JOHN DU CANE

MINING

AS WE again approach a new year, the last of this decade, the world mining industry is struggling with more problems than it has probably ever had to face, writes Kenneth Marston, Mining Editor.

Rising costs, low prices for base-metals, problems of financing far more expensive projects without any real guarantee of security for the capital involved and the demands of the environmentalists, all present formidable hurdles.

But the taking of risks and the overcoming of problems are *the facts of life which mining* men have long accepted. Once again, I am handing over the end-year mining column for the views of the mining outlook as seen by the chairmen of the four leading UK-registered mining houses.

We begin with **Charter Consolidated's Mr. Murray Hofmeyr** who writes: In the mining industry a period as brief as a year is not an easy one for which to assess prospects. So it is something of a relief that 1979 is not only a new year but the tail-end of a dying decade and, as it were, the eve of the 1980s.

Nothing is likely to happen in 1979 to alter the dominant pattern of the 1970s as a period of adjustment after the dramatic economic events which followed the Yom Kippur war. The 1950s and the 1960s, overall, were a period of rapid economic growth for the industrialised world, and the mining industry's fortunes followed the pattern.

The 1970s have seen the coming of entirely new relationships between the industrialised countries and the developing world, with the mining industry, like everyone else, adjusting painfully to the much harsher economic climate and slower growth.

The period of adjustment is not over and the evolution of a basis by which the developing and industrialised worlds can be better integrated economically, for the good of both parts, is proving to be a slow process.

The problems of this transitional phase, not least the writing of new rules for the international mining industry, are very great. But once the developing nations can successfully be brought into the mainstream of world economic expansion, the prospects on all sides will make the 1980s an exciting time for all of us.

Lord Erroll of Hale, chairman of **Consolidated Gold Fields**, says: For the past three years the prices of precious metals, particularly gold, have bounded ahead while the value of base metals, other than tin, has remained depressed.

Economic uncertainty has checked industrial production and hence metal consumption; *at the same time it has encour*aged the search for hedge-investments. As always, in such circumstances, gold has come into the limelight.

Current views on future prospects for the free world span the spectrum for a renewal of economic growth with attendant stability, through to inflation or depression.

The faltering improvement in recent months, if maintained, should prompt a recovery in the market for industrial metals and minerals. In this event, investor interest in gold may dwindle, but consumption for jewellery and industrial purposes would increase.

In recent years, falling gold *mine production has meant that,* under these circumstances, releases of bullion from monetary stocks have been required simply to moderate the rise in the gold price.

It also seems likely that a return to more stable conditions would be followed by a reduction in monetary gold sales and the gold price, after allowing for inflation, should therefore settle down at around present levels.

The existing pool of dollars overshadows this prospect. I take the view that, despite official attitudes in some quarters, gold shows every sign of maintaining its role as an insurance investment in the face of political and economic upheavals.

Rio Tinto-Zinc Corporation's Sir Mark Turner comments: Last year I cautiously hoped that metal prices would recover somewhat, with a significant improvement in the spring. While this timing was wrong, some improvement has occurred, small though it may be in real terms.

The market outlook is now distinctly more promising: excess stocks have been reduced, and in some cases eliminated, and notable shortages of many concentrates, secondary materials and, in the case of copper, high grade cathodes, have emerged. This better balance, caused partly by production cuts and partly by continuing political problems, seems unlikely to be reversed.

Perhaps our chief concern is the U.S. economy where the very welcome measures taken to counter inflation will inevitably cause a slowdown. I believe that remarkable country will achieve both positive growth and significantly lower inflation, however, and that the dollar will be strengthened, which is important to the metal business which finances its activities in *that currency.*

The problem remains of ensuring increased metal supplies to meet growing world demand; long lead times and massive capital cost increases mean that higher prices are needed to stimulate investment if shortages are not to develop, with generally undesirable price instability.

Thankfully this problem is now more widely acknowledged in some official circles, including parts of the UN, where foreign skills and capital are recognised as essential to the emergence of developing countries.

Mr. John Du Cane, chairman of **Selection Trust** comments: Although there has been a recent slight improvement in market prices, the prolonged depression in the base metal mining industry has implications for the future which I think need to be most seriously studied by producers, consumers and indeed, governmental authorities.

We are all well aware of the constraints imposed by the depression on the development of new capacity, and we are aware that a period of undersupply could result when a soundly-based recovery in world economic conditions begins to show itself.

There are already indications of an approaching shortage in aluminium, and other metals are showing an upward price trend although there is no convincing evidence yet that this trend is based on potential economic recovery.

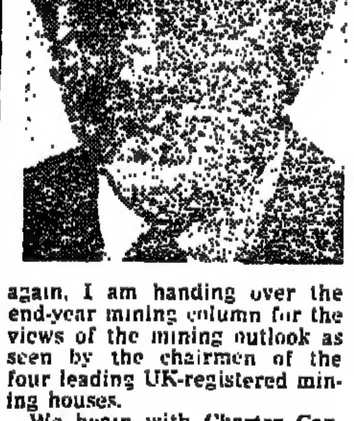
What merits the deepest consideration is that lack of development and slowing-down of exploration in the depression period are pushing new projects further into the future and into a new area of unprecedently high capital costs.

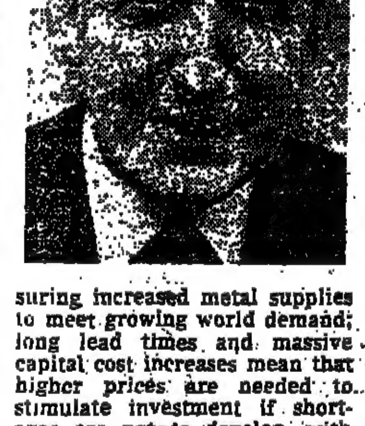
To attract new and necessary development in the future, metal *prices at a level in real terms,* and I emphasise "real terms," previously uncontemplated will be needed; not only to justify the extremely large capital expenditure but also to meet the on-going costs arising from the servicing of the inevitable high level of debt financing.

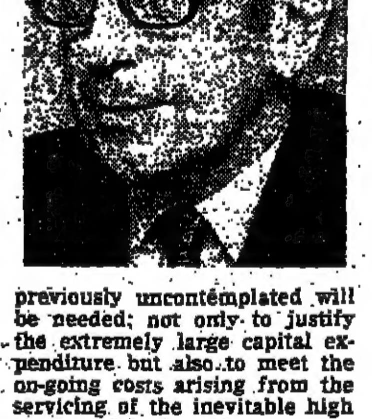
This means that world-wide thinking must prepare to face up to a high-cost, high-price era in the base metals industry. It must condition itself to the basics of this situation. For instance, it needs to accept that today the price of copper in real terms should be approaching $1 a pound, almost 50 per cent higher than current levels, to put it on a par with the price some four years ago when most copper mines were last making acceptable profits.

Even this figure is low as it does not allow for the fact that costs of plant, equipment and construction have escalated considerably more than the usually-quoted inflationary indices.

The underlying danger for the future is that unless the effect of the influences of the past two or three years and the present portents are not well recognised, accepted and taken into account when plans are formulated, the further constraints in production will only exacerbate the situation.







UNIT TRUST OFFERS

هكذا من الأصل

YOUR SAVINGS AND INVESTMENTS

Small company unit trusts have again performed well this year. Terry Ogg reviews their performance and discusses prospects for 1979.

Small trust, big gain

AN INCREASE in takeover activity plus a further favourable reassessment of smaller listed companies by investors are the leading factors behind the strong performance by special situation/recovery unit trusts during 1978.

While the percentage performance gain is impressive, it falls well short of the levels achieved during 1977 when the "small is beautiful" bandwagon began to gather momentum.

The surprising thing about the 1978 performance is that it flies in the face of a rough unit trust rule of thumb which suggests that leaders one year are laggards the next. As a recent survey by the magazine "Planned Savings" shows, all the special situation/recovery/small company funds finished among the top 40 of the 350 unit trusts analysed.

Last year's top performing unit trust, the M and G Recovery fund, was only just outside the top 20 in 1978 with a very creditable 25.2 per cent gain in value. The best performer in the sector, the 14-month old Schlesinger special situation fund edged its way into the top ten with an estimated gain of 37.2 per cent.

Mr. Peter Baker, of Schlesinger, attributed the fund's success to good stock selection, taking an aggressive stance and concentrating the portfolio on a small number of companies.

"We have been trying to educate people for some time that it is difficult to beat the market if the investment is entirely in large capitalisation stocks. But it is also impossible to get strong performance without increasing the level of volatility and risk," he said.

"In a special situation fund there is higher than average volatility. So far we have been fortunate that it has been more volatile on the upside. But we do caution investors to split their funds between special situation trusts, recovery trusts, small company trusts and major market capitalisation trusts."

Among the situations the trusts were able to profitably exploit during the year were the Allied Breweries' bid for J. Lyons, the Dawson bid for John Haggas and the Imperial Group's bid for J.B. Eastwood. As well there were new issues, such as the Cartier float, that provided good returns for aggressive traders.

But it was not just one-off situations that gave the trusts a performance edge over colleagues operating in other sectors. The level of takeover activity increased during 1978 and the incidence of successful bids was higher among the smaller companies.

Also the dramatic gains earned during the first phase of the "small is beautiful" campaign focussed attention on the smaller company sector and the opening months of 1978 saw an increase of interest from institutions and private investors.

The reassessment of small company prospects was helped by some good profits and one or two better than average dividend increases under the amended control regulations.

As a result the sector as a whole (usually defined to include companies with market capitalisations up to £20m) performed better than the market.

Looking ahead to 1979 the outlook for the special situation/small company funds is mixed. The general feeling is that performance growth rates will not match 1977 or 1978 but that the *sector is worth watching.*

Managers closely involved with small company funds naturally are optimistic about prospects. But the "small is beautiful" movement in the United States came to an end in October when share prices of second line stocks slipped alarmingly.

Fund	1978 Performance (estimated) % gain	1977 Performance % gain	(position)
Schlesinger Spec. Sits.	37.2	*	*
Key Small Cos.	31.7	72.4	(18)
London Wall Spec. Sits.	28.6	71.2	(20)
A-Hambro 2nd Smaller Cos.	26.6	84.8	(7)
M & G Recovery	25.2	117.3	(1)
M & G Smaller Cos. (a)	20.6	73.8	(17)
A-Hambro Smaller Cos.	19.9	111.0	(2)

* Launched November, 1977 (a) formerly M & G Special

Source: Planned Savings

U.S. letdown

THE BIG disappointment of the year has been the U.S. market. At the start of 1978, investment managers were full of hope about the prospects for U.S. equities. The U.S. economy was about to take off, shares were considered to be grossly undervalued and the *Dow Jones average was* expected to "zoom" through the 1,000 barrier, with no bother. Sales of U.S. oriented unit trusts soared, investors were bullish of the investment trust sector and some traditional life companies invested heavily in U.S. equities on behalf of policyholders.

But in the event the U.S. trusts languish at the bottom of the performance tables, investment trusts still suffer from wide discounts and only with-profit policyholders have been cushioned from the misguided optimism of their investment managers. This is not the first time that the U.S. market has looked cheap, but failed to respond.

Good year for life bonuses

LIFE ASSURANCE

ERIC SHORT

WE ARE now entering the period when life companies declare their bonus rates for with-profit contracts and the omens look good for investors holding such policies. The season opened yesterday with the Commercial Union declaring a 20p per cent higher rate at £4.80 per cent per annum for the three years ending December 31, 1978.

There is still a certain mystique surrounding the declaration of a with-profit bonus. But the ultimate rate declared by the life company actuary depends on three main factors—the investment performance of the fund, the basis used to value the life fund liabilities and the competitive position of other life company rates.

The investment income on life funds should be bouyant this year. The heavy investment made by companies over the past three years in high yielding gilts should really pay off this year. And investment managers have been able to get, on average, about 12 per cent gross on long-dated gilts when investing new money. Equity dividends this year have, on average, risen by 15 per cent, according to leading stockbrokers, Phillips and Drew. And the Hillier Parker Investors' Chronicle index of commercial rents shows an annual rise on all property returns of 15.4 per cent, with shops up 24 per cent, offices 12 per cent, *and industrial 9½ per cent.*

Although no two traditional life companies have the same portfolio mix, all life funds should show investment income at least 15 per cent higher.

Life company actuaries, in general, already value the liabilities on a very conservative basis and are unlikely to make many changes this time round. So the amount of profit released should be about the same proportion as last year.

Finally, the need to maintain a strong competitive position in the market for with-profit business will probably be the final clinching factor for actuaries lifting reversionary bonus rates by between 10p and 25p per cent. This picture is in contrast

CU's high rise bonus

with that being painted at the beginning of the year. Then some actuaries were expecting interest rates to continue falling *steadily and were at least hinting* at cuts in bonus rates.

But when investors are checking out whether their with-profit holdings are up to expectations they must bear in mind one important feature—how frequently their particular company declares reversionary bonus rates.

Many companies declare bonuses annually, most of the others once every three years, with a few declaring every two years. Where the declaration is less frequent than once a year, interim bonuses are declared. But actuaries are very reluctant to increase the interim bonus rate during the period between declaration since it tends to tie their hands at the next declar*ation. So if your life company is* between declarations, no change is likely, but a bigger increase is possible next time.

The outlook for terminal bonuses, paid on death or maturity claims is a different one altogether. These bonuses are paid out of capital profits, usually unrealised. This year the equity and gilt markets have been dull and only property values have moved ahead steadily. So expect little or no change in terminal bonus rates. The CU does not provide a guide here, since it is one of the few life companies that does not pay terminal bonuses.

An efficient savings plan

CHILD POLICIES

ERIC SHORT

LIFE ASSURANCE contracts as savings media for children will be even more attractive from next April when the changeover to paying premiums net of tax takes place. For if the contract is written correctly, the policy should attract tax relief.

A life contract is a useful method of accumulating a cash sum at a specific date which can be passed on free of Capital Transfer Tax. If the policy is written under a suitable trust for the benefit of the child, then the annual premiums are doomed to be gifts made and can be offset against annual CTT exemptions, leaving the maturity value free of CTT.

If the investor can claim tax relief on those premiums, then it is a double tax boon. And under the new rules the policy will qualify if it is on the life of the child and it provides full death cover. Thus the parent or grandparent gifts the premium to the child, offsetting the CTT liability against exemptions and the child pays a net premium.

Under the old system, the premium attracted relief only if the child's income was sufficient to pay tax. This could be avoided by writing the policy on the life of the parent in trust for the child. The parent then could claim tax relief, but the policy was aggregated with his other life contracts in determining the one-sixth of income for tax relief.

Up to now, life companies have been wary of issuing policies on the lives of children, primarily because the child, on reaching age 18, could repudiate the contract and seek a return of premiums. But recently some life companies have been more adventurous in this field offering contracts on children, with full death cover, from age 12.

One life company in a favoured situation is Friends' Provident. Under the Friends' Provident Life Office Act 1975 it is empowered to enter into life contracts with children that cannot be repudiated—a privilege originally conferred by statute in 1915. The company issued policies with full death cover from age nine, but is considering lowering this age to three. Policies have to run for 10 years at least in order to qualify for tax relief, so if parents or grandparents wish to provide a cash sum at 21, they *must start at the latest when* the child is aged 10.

The signs are that there will be an upsurge in this type of business from next April, when life policies will have a tax relief advantage over other savings plans for children.

Money Monitor

Annuity attractions

WITH INTEREST RATES at their highest for two years, now is the time to consider an annuity. Many insurance companies have recently raised their rates to reflect the better yields now available on Government Securities following the shock 2 per cent increase in the Bank of England minimum lending rate last month.

Scottish Equitable, one well-established insurance company which makes a point of keeping its annuity rates near the top of the league tables, made an increase three weeks ago. Its figures are now the best it has offered since the winter of 1976/77. As the table shows, its rates are particularly competitive for women. Another company which consistently does well and is well represented in the latest comparisons is Life Association of Scotland.

BEST ANNUITY RATES

The gross annual income you can buy with an investment of £10,000.

	£
MAN AGED 70	
Life Association of Scotland	1,946
RNPFN*	1,941
Sentinel	1,875
NEL	1,867
Royal Insurance	1,867
WOMAN AGED 70	
RNPFN*	1,730
Life Association of Scotland	1,721
Scottish Equitable	1,693
MGM Assurance	1,678
Sentinel	1,663
MAN AGED 65	
RNPFN*	1,712
Life Association of Scotland	1,706
NEL	1,677
Sentinel	1,675
English Insurance	1,665
WOMAN AGED 65	
RNPFN*	1,562
Life Association of Scotland	1,551
Sentinel	1,527
MGM Assurance	1,526
Scottish Equitable	1,523

* Royal National Pension Fund for Nurses, which caters only for nurses.

Figures supplied by Money Management

The table shows rates for basic annuities, where you forfeit most of your money if you die soon after entering the contract. Many people prefer "guaranteed" annuities which commit the company to paying out for a set minimum period, usually five years, whether or not you live that long. If you die in the meantime, your estate will get a lump sum payment of the balance of payments to the end of the period.

The rates for guaranteed annuities are only slightly lower than for non-guaranteed: at Scottish Equitable, for instance, the difference for a 65-year-old man is just £36 a year if he chooses a five-year guarantee period.

Part of each year's payment is treated for tax purposes as a return of your capital and is therefore not subject to tax. The proportion the Inland Revenue considers capital depends on your age and sex. On Scottish Equitable's figures, about 42 per cent of the payments will be treated as capital in the case of a 65-year-old man.

Bonus to stay

THOSE SELF-EMPLOYED investors who hold personal *pension contracts with the leading* life company Norwich Union are being offered a bonus if they stay with the company when they come to retire. And they have the Chancellor of the Exchequer to thank for this latest windfall.

Prior to this year's Finance Act, the investor taking out a self-employed pension contract with a life company (the most tax-efficient means of providing for a pension) was tied to that company when the time came to retire and take a pension. But Section 26 of that Act changed all this.

Now life companies can give investors the option at the time of retirement to take the cash accumulated on their contract and buy an annuity with another life company—the so-called open market option. The self-employed investor will now be able to search the market for the best annuity rates.

This is all very nice for the investor, but it will involve the life company at present holding the contract in a changed investment policy and considerable additional expenses. Under the old system the investor was in the pension fund until he or she died—building on the fund to retirement and drawing on it afterwards. Now life companies will have to arrange their investment policy so that the cash sum is available on retirement. Since this can take place any time between the 60th and 75th birthdays, the fund has to hold a greater degree of liquidity.

Now, Norwich Union has announced that it will be paying its self-employed policyholders 5 per cent more to stay with them when it comes to taking the pension, compared with what they will pay another investor who comes to them from another life company. Thus for an NU investor retiring now at age 65, each £10,000 cash will buy an annual pension of £1,661.90 payable in monthly instalments and guaranteed for five years minimum payments. For an investor from another life company, the same cash sum would only buy a pension of £1,582.60.

The company regards this enhanced annuity rate as providing an additional terminal bonus to investors who stay with them. So the introduction of an open-market option has been an important factor in making at least one life company think again about payments to policyholders. Other life companies may well follow the lead of NU with the effect that when the self-employed come to retire, they need look no further than their existing life company for the best pension.

● Investors are reminded that from next week, the interest rate paid on the National Savings Bank Investment Account rises by 2½ points to 12 per cent—the highest ever rate paid. It would be well worth investigating the attractions of the NSB for depositing spare cash.

In particular, for the smaller, elderly investor paying little or no tax, the return on NSB deposits is way ahead of the return on the index-linked retirement certificates. These "Granny Bonds" at present are providing a tax-free return slightly in excess of 8 per cent.

FINANCE AND THE FAMILY

Capital gains on a picture

BY OUR LEGAL STAFF

About 20 years ago a picture was given to me by my father, which I have now discovered may be of considerable value. I am planning to sell it and to share the proceeds with members of my family. Shall I be liable to capital gains tax and, if so, to what extent?

In so far as the painting sells for more than £2,000 you will be liable to capital gains tax. This liability will fall on you and not on any of those to whom you may distribute a share of the proceeds. The normal way of calculating your gain is by time *apportionment*, from value on the date of acquisition to April 6, 1965 (free), and from then to date of sale (taxable) but you can opt for a retrospective valuation of the picture as at April 6, 1965, and this would mean your gain would be the difference between the estimated value on that date and the sale price. This would appear to be to your advantage.

Path through tax minefield

My father advanced half the purchase price of the leasehold flat in which I live as an interest-free loan early in 1978. Under the deed he is entitled to half the increase in the market value when I wish to buy him out, but, the market value already having risen by about £5,000, he has agreed to forgo his gain. In return he would be willing to accept the building society interest he has lost meantime. Could you advise me as to how to minimise the tax in connection with these arrangements?

Presumably you all took the precaution of seeking tax guidance from the solicitors who prepared the documents for you, so that your father realises the CTT and income tax (Schedule D case III) implica*tions of the loan arrangements.* In particular, we take it that your father's solicitor has advised him that the effect of the wording of the documents is that:—

(a) His interest in the lease *is only by way of security,* and not as a joint beneficial owner; and

(b) The sum due to him under the deed mentioned in subparagraph 3 of your letter *will be assessable to income tax* as investment income, under case III of Schedule D.

That being so, in agreeing to waive part of his accrued rights, your father may well find him*self with a formidable income* tax bill (in addition to any CTT liability). The provisions to be looked at include section 496 of the Income and Corporation Taxes Act 1970, but this is not likely to bite on the transactions you have in mind.

The path through the tax minefield can only be plotted with knowledge of the full facts and the precise wording of the documents. The best—indeed, perhaps the only—guides must be the solicitors who acted for you all in setting up the current position.

Insurance for fences and gates

Under an article on insurance under the heading "Think of the garden" in your issue of October 28 your contributor says "cover is provided for walls, fences, and gates." My insurers, the Commercial Union, told me that my householder's comprehensive policy did not cover damage of this description. Are they exceptional?

Fences are covered but cover is limited. Under most buildings policies, fences are covered against specified perils, other than storm or flood: thus they are insured against fire, rot, civil commotion, impact. Policy wordings vary and the precise policy terms must be carefully read in each case.

Rent and mortgage interest

Last September I purchased a freehold financed by a mortgage in an investment property. The terms of the mortgage are that interest is to be paid six-monthly in arrears. The terms of the lease are that rent is to be paid quarterly in advance on the usual quarter days.

These terms will mean that in this particular tax year I will receive three-quarters of a year's rent but will only pay half a year's interest on the mortgage.

As the rent is paid in advance will it be in order for me to state in my tax return next year that I only received half a year's rent for this year?

No; even if the tenant were 12 or more days late in paying the Lady Day rent, you would still be *assessable on three quarters'* rent for 1978-79. Paragraph 2 of schedule A says that "tax under this schedule shall be charged by reference to the rents or receipts to which a person *becomes entitled* in the *chargeable period.*"

You will find general guidance in two free booklets which are obtainable from most tax inspectors' offices: IR11 (Tax treatment of interest paid) and IR27 (Taxation of income from real property). The point you have in mind is covered in paragraph 26 of IR27, on page 6.

A tenancy superseded

My father, who lived in a farm cottage, signed a termination of tenancy agreement should the farmer himself wish to take possession of the property. When he died, an oral agreement was made by my mother with the landlord that she should become the legal tenant. Now the farm has changed hands and the new landlord wants the cottage. What, please, is now the legal position?

If there was an oral agreement with your mother for a new tenancy that would have superseded your father's tenancy. In that event the landlord must now give you notice (28 days) and establish a case under the Rent Act 1977 to obtain possession. If he does not provide alternative accommodation he *will have to rely on the Court's* exercising its discretion in his favour under Case 8 as he cannot fulfil Case 9 or Case 16.

Resident in France and the UK

I am a British subject (no dual nationality) married to a Frenchman and domiciled in France, I own a house in England which I occupy for a *a few months each year.* I have no earned income but I hold a small quantity of shares (on which I am described as a UK resident) held by my bank in England.

Certain shares, e.g., Deutsche Bank, have been subjected to "Double Taxation." Can I claim the German tax back from Germany?

At the moment my bank is automatically deducting 30 per cent for UK tax. Yet this is *my only income in the UK* and certainly comes far below the ceiling for the "Tax Free Unearned Incomes Allowance."

I would prefer my income to be taxed separately in England, if this is possible, but for the moment I am not registered with any tax authority there. What, please, is my tax position?

You are clearly resident in the UK for the purposes of UK tax, and presumably you are regarded as resident in France for the purposes of French tax. If that is so, it seems likely that article 3 (2) of the France-UK double taxation convention of May 22, 1968, will deem you to be resident in France only, for the purposes of giving relief from double taxation. Provided that your worldwide income is subject to French tax, regardless of whether it is remitted to France (as your letter appears to imply), then the effect of the 1968 *double taxation convention* (as amended in 1971 and 1973) should be as follows: (i) Income arising from sources outside the UK (e.g. your German dividends) should be exempt from UK tax, by virtue of article 22 *of the France-UK convention:* (ii) Dividends on shares in UK companies should be eligible for a payment of tax credit equal (for 1978-79) to 18/67ths of the actual dividends, by virtue of article 9 (1 and 2) of the France-UK convention; (iii) German dividends should be eligible for a refund of German tax, insofar as it exceeds 15 per cent, by virtue of article 9 (2) of the France-Germany double taxation convention of July 21, 1959, as amended in 1969 (or article VI (1) of the UK-Germany convention of November 26, 1964, as amended in 1970).

If we are wrong in assuming that you are fully subject to French tax on your worldwide income, the UK tax position may be more complex.

As a first step, you could write to the Double Taxation Section of the Inland Revenue *Foreign Dividends Office.* Lynwood Road, Thames Ditton, Surrey, Great Britain KT7 0DP. You should give them full details of the periods which you (and your husband) have spent in the UK in recent years, and it may save time if you give them the address and reference number of the French tax office to which you and your husband submit your returns.

If by chance the facts produce the result that you are regarded as resident in the UK but your husband is regarded as not resident here, and the formula in article 3 (2) of the France-UK convention deems you not to be resident in France, then you will in effect be taxed as a feme sole under UK law. The probable effect would be as follows: (i) UK income tax deducted would be refunded in full; (ii) Dividends on shares in UK companies would be eligible for a payment of tax credit equal *(for 1978-79) to 33/67ths of the* actual dividends; (iii) German dividends would be elegible for a refund of German tax, insofar as it exceeds 15 per cent, by virtue of article VI (1) of the UK-Germany double taxation convention of November 26, 1964, as amended in 1970.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Protecting valuables

INSURANCE

JOHN PHILIP

MOST OF US have a number of small portable personal possessions which we would hate to lose—particularly, but not only jewellery watches and similar valuables. Most of us, *I guess,* would have a nasty shock were we to go along this weekend to seek to replace at current retail prices those items we prize the most. No, this is not a homily on the perils of under-insurance, but I should not lose the opportunity of saying to All Risks policyholders—see when your policy is due for renewal, see when you last had your property valued and make a diary note to revise the various sums insured to take account of intervening inflation or better still get new valuations if your last ones are more than two years old.

Jewellery, other valuables, and small portable items are usually what the average thief looks for in the average house and in the nature of things when we leave our homes unoccupied for a few hours most of us, even those that live in high crime areas, take little special care to prevent loss. Indeed, is there very much that any of us do when we go away for weekends or holidays, other than taking *our most prized* possessions along to the bank and leaving them there for safe keeping?

Noises off

This problem of protecting the home was given a fair workout on the train to town on Wednesday morning. George, given the task of looking after his neighbour's house, greenhouse and cat, over the holiday weekend, and wakeful in the small hours of Sunday morning, had heard untoward noises next door: aided by the family dog he had surprised a couple of thieves intent on taking rather than giving Christmas presents, but alas without capture and he had spent an hour or more thereafter reporting to the police before getting back to bed. Fortunately from the crime viewpoint the rest of the weekend past uneventfully.

Having told us his tale George argued that there was very little that any of us could do to protect our homes at such times because there are far too many points of access. Doors can be forced, windows can be broken. He went on to *say that even if* one fixed multi-lever mortise deadlocks to the doors, screws to the windows and bolts all over the place (which he admitted could be effective against the petty thief intent on a quick in and out) nevertheless when one leaves ones home for weekend or a longer time, the thief has some hours in which to effect his entry, go through the house and then silently get away.

My answer to George was that all these extra physical protections are well worth while, and when set against the price one puts on one's household possessions of all kinds, inexpensive. Something over 60 per cent of all household thefts are reckoned to be committed by small-time criminals intent on the pickings to be gained from quick entry and exit. Against these, extra physical protections buy time for the absent householder and act as a positive deterrent—and this is true even when the house is unoccupied for days rather than hours because such longer unoccupancy can be partly concealed, for example, with the help of neighbours who *may* be prevailed upon to draw curtains and so on and with the aid of time switches to put lights on in the evenings.

Sceptical

Although the police recommend potential absentees to tell them of their intentions, I am always sceptical, for arguably there is nothing so signally obvious as a police car parked outside a house and a policeman *walking around the garden.*

From external physical protections, the conversation turned to burglar alarms and safes. Even in our small commuting circle we could locally count half a-dozen close friends and neighbours with one or other: what expert advice, I wondered, had each had on his particular purchase and installation, either from the local police crime prevention officer or betetr still from the insurance surveyor *specifically employed full time* in giving advice both to commercial and private policy*holders on technical crime pre*vention equipment.

Where insurers require the policyholder, because of the nature and quality of his property, to buy a safe, or to install an alarm, or both, they almost invariably send along a surveyor who will itemise what needs to be done as a prerequisite of cover being granted or continued. Usually he will not recommend a particular safe or alarm, but give the policyholder a short list of approved equipment appropriate for the job to be done and leave the policyholder to make his own choice and then to make his own contract for purchase and installation accordingly.

Same service

But the policyholder who is voluntarily considering installing a safe or an alarm can enjoy the same service if he tells his insurers his thoughts and asks their advice: often he can benefit because they may well suggest different and better precautions; true these may sometimes cost more but they should give greater security and induce greater peace of mind.

Of course, there are a host of individual domestic circumstances, but I am no great believer in the wide use of burglar alarms in the ordinary home, because there are too many chances of false alarms *accuring through inadvertance* during normal occupancy for the equipment to be a worthwhile protection for occasional long absences. *But a* burglar alarm geared to a particular part of the house, containing say a small securely fixed safe, *adequate* for its likely contents, can be a very different proposition and is probably well worth the cost in installation and maintenance.

I emphasise a securely fixed *safe, whether this is or is not* protected by an alarm, for there is just no point in getting a safe which can be taken away, opened at leisure and then dumped: many so called domestic safes are just of this kind and unless they are fixed they are utterly unsafe.

As with lesser physical precautions, safes and alarms buy time for the absent householder —the longer it will take the thief to get his loot, the more *he is likely to move on else*where.

هكذا من الأصل

TAXATION

The endless search for some relief

BY DAVID WAINMAN

IT IS a truism that British Companies are less profitable than they should be, and that corporation tax is therefore not the substantial revenue producer that once it was. But companies are not the whole of commerce and industry.

Individuals and partnerships pay income tax rather than corporation tax. If business is bad, *they pay little of it; and if it* gets still worse, they need to consider how to get tax relief for their losses.

The reliefs available for trading losses are surprisingly complex. A cool head is needed if one is to find one's way through the maze, which perhaps explains accountants' predilections either for tearing their hair out, or to wrapping wet towels round *their* heads, or both.

The amount of a trading loss is calculated in a similar fashion to a profit. The year's result shown in the business's accounts is adjusted by adding back various items which do not qualify for relief—depreciation, general doubtful debt provisions and business entertaining are examples.

Stock appreciation relief and capital allowances can be added to the loss, or can be used to turn what would otherwise be a profit into a loss. But before we move onto these items, it is worth pausing to ask what are the broad implications of the trading loss itself.

It is well known that the Revenue will not give relief for spurious losses. The law makes it clear that the trader must be carrying on business on a commercial basis and with a view to profit, this last phrase being given the gloss that a reasonable expectation of profit is acceptable. The non-availability of reliefs for hobby farming is an *extension of this principle. Once* five years' losses have been sustained, the Revenue is directed to treat this as demonstrating uncommerciality, this of itself preventing relief for a sixth or subsequent loss.

But losses have another important quality in tax law. They are quantified "actually"—recognising them as losses for the period in which they are *sustained, and* not deeming them to have arisen in some other year. This becomes clearer in illustration.

A man who has been in business for some years, and whose accounts are drawn to December 31, will be assessed to tax for 1978-79 on the basis of his 1977 profit. The tax payable is 1978-79 tax, and it is due in equal instalments on January 1 and July 1, 1979, but *it is* quantified by deeming that the profits of the accounting year ending in 1977-78 are the taxable *profits of 1978-79.*

If this man suffers a loss in his 1978 accounts, the law treats this as a 1978-79 loss, not as one for 1979-80. The Revenue say that they should, in strictness, treat one quarter of it as a loss for 1977-78, and three quarters as falling into 1978-79. In practice they usually insist on apportioning it only at the commencement of a business, and on cessation or death.

The man who traded profitably in 1977, but who lost in 1978, *will therefore normally* bring into his overall tax calculation for 1978-79:—

(a) trading profits based on 1977 accounts, less:
(b) relief for stock appreciation during 1977, and less:
(c) capital allowances based on expenditure during 1977 and assets in use at the end of that year, but adding:
(d) any *other* income of 1978-79, less:
(e) mortgage interest and personal deductions for 1978-79, and less:
(f) trading loss based on 1978 accounts, but:
(g) relief can also be obtained, in normal circumstances, for further capital allowances and stock appreciation.

> "A cool head is needed if one is to find a way through the maze"

The forgoing is the most straightforward method of setting off the loss against income in order to achieve tax relief for it. If one is quick enough, relief can be achieved by paying only a reduced amount of tax for 1978-79. But since the first instalment of that tax is due on January 1, 1979, and the loss for the year ending on the previous day is unlikely to be agreed overnight, it is more usual to find oneself paying the first or even both instalments in full. In the latter case, tax relief comes by repayment.

The table makes it clear that assessing profits on a previous year basis, and relieving losses as they actually occur, will normally result in two years' trading results falling to be dealt with in the same fiscal year. As also indicated, the Revenue follow this concept through to its logical conclusion. Capital allowances based on expenditure in 1978 and on assets in use at the end of that year, and also stock appreciation relief for 1978, can at the claimant's option be added to the 1978 loss.

The Revenue has designed some excessively complex provisions to prevent what they regard as possible double counting of allowances and stock relief. Wet towels are essential to the proper understanding of these clauses, and they remain equally necessary for the next part of the process. This is the question whether to offset the losses, reliefs and allowances in the "normal" way already illustrated, or whether to take the relief in some other way.

There is now a confusion of other possibilities. Rather than set the 1978 loss against income of 1978/79, one can claim to set it against the income of 1979/80. It is a requirement that the claimant should still be carrying on the same trade in that year. But the table illustrates the general point that to the extent the loss exceeds the trading income, it is offset against other income.

In such a case, the loss has first to be set against earned income of the claimant, and only thereafter against investment income. If there is still a balance to be relieved it will be set against the earned and then the unearned income of the claimant's wife or husband—this latter set-off being an optional one.

But if the taxpayer has little income outside his business, it may be disadvantageous to claim the loss against it. Doing so could reduce that income to the point at which he loses the benefit of his personal allowances. So the third possible method of obtaining relief for the loss is by setting it only against trading income in subsequent years.

And the remaining two permissible off-sets are those for the opening and closing years of a business. In the closing years, "terminal loss" arrangements have for many years allowed the final twelve months' loss to be set against trading profits in the last three full fiscal years before the end. For new businesses, the 1978 Finance Act now permits a carry back for three years, and against any income of those three years, for losses sustained in any of the first four fiscal years of operations.

The possible permutations should not be described as an embarrassment, but they are daunting. Most traders prefer to sidestep the problems—by staying profitable.

CHESS

LEONARD BARDEN

SOVIET CHESS prestige has taken a triple blow in 1978 with the unexpectedly narrow world title victory for Karpov preceded by England's success in the world youth championship and swiftly followed by the loss of the senior world team title at the Buenos Aires chess olympics.

Only the Soviet, or rather the Georgian women, now led by the 17-year-old world champion Chiburdanidze, still show the hegemony over the rest of the world that the Russian men had in the fifties and sixties.

It is hard for a non-Russian to appreciate how proprietorial the Soviet attitude is to chess. Decades of success had made them think of the world individual and team titles as theirs by right. The Russian general public does not seem to see world chess events as harshly fought competitions, but rather as part of general Soviet culture.

An analogy may be useful for those of the older generation who can remember the British attitude to soccer in the 1930s and 1940s. Moscow Dynamo were ridiculed at first in their 1945 visit, and even later it took the humiliation by the Hungarians at Wembley stadium to drive home to the British public that our supremacy was an episode of the past.

It is appropriate then that the shock in the Buenos Aires chess olympics should come at the hands of the Hungarians, who have a fine record in these events starting with the gold medals at the first two chess olympics in *London 1927 and The Hague 1928.*

Some of the bitter feeling on the Soviet side came out in the post-match Press conference in Moscow when the normally restrained Karpov admitted that he had a feeling of hate for Korchnoi as a person who had abandoned the USSR and persisted with provocative declarations. Karpov denied that a player at the board could be affected by such means as those attributed to Dr. Zukhar, who he described as a respected psychologist he had needed to help him relax. This, of course, is hardly the point; as the ex-FIDE President Dr. Euwe put it: "All that stuff about parasychology was stupid, but if Korchnoi believes in it, it was not stupid in that context."

Some of Karpov's other comments: "Korchnoi is a strong player, and the match against him was no easy matter. However, he does not command respect as a personality. One gets the impression that all the declarations and protests Korchnoi made were worked out in advance as a fixed policy. ... I am always friendly to those whose attitude is sensible, but I cannot get along with those who rub me up the wrong way."

Karpov said that he was too tired by the three months long match to play at Buenos Aires, and would probably not play again until the spring. Soviet journalists reporting the olympics could thus not reveal that Korchnoi, 20 years older than his rival, did play there, and scored 9/11 for his adopted country Switzerland—and this after an exhausting series of flights round the world with no break after Baguio.

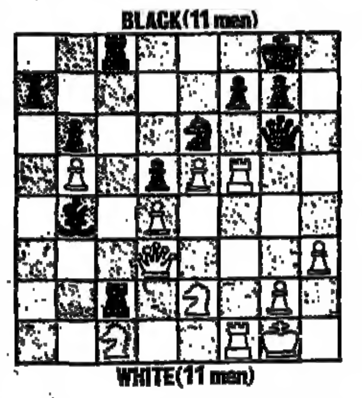
The question now is whether the Soviet chess authorities can maintain their boycott on events where Korchnoi plays, now that he is no longer stateless. Korchnoi himself foresees a split in FIDE between the Soviet bloc *and the rest; such a split has* been forecast many times in the past 30 years but has never materialised. Meanwhile this week's game is his interesting win at Buenos Aires against Tony Miles.

White: V. *Korchnoi (Switzerland).* Black: A. J. Miles (England). Opening: King's Indian (Buenos Aires 1978).

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 P-B3 (outmoded but recently revived), P-B4; 4 P-Q5, B-N2 (*P-Q3! stops the N developing at KR3-KB2*); 5 P-K4, 0-0; 6 N-KR3, P-Q3; 7 N-B2, P-K3; 8 N-B3, N-R3; 9 B-K2, N-B2; 10 0-0, P-QR3; 11 B-N5, P-R3; 12 B-K3, PxP; 13 BPxP, P-QN4; 14 Q-Q2, K-R2; 15 P-K5! (this typical break-through gains force as the KN reaches K4 after PxP 16 BxBP), P-N5; 16 PxN, PxN; 17 PxP, QxP; 18 QR-B1, Q-Q1; 19 P-N4, R-K1; 20 N-Q1 (regrouping for the final attack), R-QN1; 21 R-KB2, B-Q2; 22 B-KB4, Q-B3; 23 P-B4, R-N3; 24 B-Q3, R(K1)-QN1; 25 K-N2, N-K1; 26 R-K2, B-R5; 27 P-N5! Q-Q1; 28 PxP, B-KB3; 29 B-B2, BxB; 30 RxB, Q-Q2; 31 N-B2! (the N heads back to KR3 with decisive effect), B-Q5; 32 B-K3, BxB; 33 QxB, N-B3; 34 N-R3, R-K1; 35 N-N5 ch, K-N1; 36 Q-B3, Resigns (RxR ch 37 RxR, Q-Q1; 38 QxN!).

POSITION No. 248

BLACK (11 men)

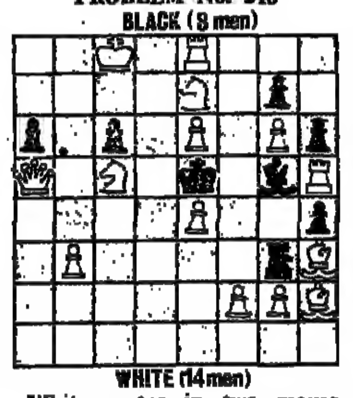


WHITE (11 men)

Bronstein v. Vasyukov, Moscow team championship 1978. Black (to move) has a strong attack; what should he play next?

PROBLEM No. 248

BLACK (8 men)



WHITE (14 men)

White mates in two moves, against any defence (by E. Visserman, 1st prize Probleemblad 1954).

Solutions Page 12

BRIDGE

E. P. C. COTTER

TO ROUND off the Old Year, I would like to discuss with you a most interesting hand. It appeared some time ago in *Bridge de France,* and gives an insight into the workings of the expert's mind, as he draws logical deductions from bidding, lead, plays, and discards of the opponents in order to fulfil a difficult contract.

It is the hands which are overbid that demand the most skill, and this one is no exception:

```
            N.
          ♠ K 8 4
          ♡ A 9 2
          ♢ K 7 3
          ♣ 9 8 4 3
  W.                    E.
♠ A J 6 5           ♠ 10 9 2
♡ K                 ♡ J 7 5 3
♢ Q J 6             ♢ 10 9 8 4
♣ K 10 7 6 5        ♣ Q 2
            S.
          ♠ Q 7 3
          ♡ Q 10 8 6 4
          ♢ A 5 2
          ♣ A J
```

With neither side vulnerable West dealt and opened the bidding with one club. When this was followed by two passes, South re-opened with one heart, and North raised to two hearts. South now said three hearts—*this* is normally pre-emptive, but on this occasion clearly a try for game—North raised to four hearts, and all passed.

Against this optimistic contract West started off with the diamond Queen, on which East signalled with the ten, and South won in hand with the Ace. With losers staring him in the face, the declarer needed the breaks, and he enjoyed an immediate stroke of good fortune when a low heart from hand found West with the singleton King. He won with dummy's Ace, ran the nine, and followed with the two, finessing his ten. On the second and third hearts West threw the five of clubs and the five of spades.

South started to do his homework. The club discard placed West with an original holding of five cards in the suit—otherwise in view of dummy's four clubs, such a discard would have been dangerous. Furthermore, the diamond lead suggested that West did not hold King and Queen of clubs. Again, West's *spade discard* implied a holding of four cards in that suit—otherwise the declarer could make two spade tricks if his left hand opponent was reduced to the Ace and another, by playing to the King and ducking the return. The picture South had built up of West's hand was four spades, one heart, three diamonds, and five clubs.

The declarer cashed his trump Queen, drawing East's Knave and forcing a *third* discard from West. To put off the evil day, West threw the diamond Knave, and South led a diamond to the King, returning the club three and finessing his Knave. West won, and continued with a club to the Queen and Ace. The three of spades was led, allowing dummy to score the King, and this four-card ending was reached:

```
          N.
        ♠ 8 4
        ♡ —
        ♢ —
        ♣ 9 8
  W.               E.
♠ A J           ♠ 10 9
♡ —             ♡ —
♢ —             ♢ 9 8
♣ 10 7          ♣ —
          S.
        ♠ Q 7
        ♡ 8
        ♢ 5
        ♣ —
```

The nine of clubs was led from the table, on which the declarer discarded his five of diamonds — a loser-on-loser play. West had to win with the ten, and was securely end-played. He had no more *diamonds*—South's perfect card reading had foreseen this position—and was now faced with the choice between leading a club to allow dummy to make the eight, or cashing his spade Ace and setting up the declarer's Queen for his tenth trick.

A lovely example of dummy play at its best.

PROPERTY/TRAVEL

An oast house goes with Hethe Place, near Cowden, Kent, a handsome old house of Tudor character with turn-of-the-century additions. There are 6 bedrooms and 3 bathrooms, plus a heated swimming-pool in 2 acres. Savills, 20 Grosvenor Hill, Berkeley Square, W.1.

Garden County

During Queen Elizabeth I's time, Kent had such a bad name for highway robbery that the word signified a nest of thieves:

Some bookes are arrogant
and impudent;
So are most thieves in
Christendome and Kent

wrote Taylor in the *Water Poet*, 1630. By Charles Dickens's day things had improved considerably: "But, sir, everybody knows Kent—apples, cherries, hops and women," he wrote in *Pickwick Papers*.

Pretty villages, a great deal of unspoilt countryside which has been preserved by the National Trust, and buildings in the attractive and desirable Kentish ragstone quarried around the Weald, all add up to the current appeal of Kent.

Farmland has been fetching high prices, Knight Frank and Rutley in conjunction with Hobbs Parker selling about 258 acres earlier this year near Sittingbourne, at an average price of £1,400 to £1,800 an acre, and Bernard Thorpe getting about £1,550 an acre for Great Hayesden Farm at Tonbridge.

Ian Stewart, of Savills, reports a shortage of character property in Kent, particularly in the £80-£90,000 price range. Their current "family house of character" on offer is Hethe Place, near Cowden, a much sought-after Kentish village.

The Old Vicarage, Boughton Monchelsea, near Maidstone, Kent, in 2½ acres, has unspoilt views over The Weald. There are 8 bedrooms, 3 bathrooms, oil central heating, and the outbuildings include stables. Price in the region of £80,000 through C. G. S. Calcutt, Strutt and Parker, 29 St. Margaret's Street, Canterbury.

Hethe Place is an interesting old house of Tudor character with later additions mainly dating from the turn-of-the-century. Tucked away down a long drive with views over the surrounding countryside, it has six bedrooms and three bathrooms as well as a heated swimming-pool in the two-acre grounds. A bonus is the oast house which is used as changing-rooms and playroom, although it would convert to a "granny unit" subject to planning consent. Offers are being invited in excess of £90,000 through Savills, 20 Grosvenor Hill, Berkeley Square, London W.1.

In the pleasant village of Boughton Monchelsea, the centre of Kentish ragstone quarrying, with a Norman church, the Old Vicarage, now a handsome country house with five bedrooms and three bathrooms, is for sale around £80,000. Believed to have been built in the second half of the 19th centry, it is in 2½-acres with a 1½-acre paddock, hard tennis court and stables. You can hunt with the Ashford Valley, West Kent or Tickam Hunts, and there is golf at Benstead.

The heating is by oil, and Marden and Maidstone are both about four miles away, with Cannon Street, Charing Cross and Victoria just under an hour's journey. Details C. G. S. Calcutt, Strutt and Parker, 29 St. Margaret's Street, Canterbury.

You also need some £90,000 to buy Treetops, in Wrotham, an attractive village with a 13th-15th-century church. The house is in a commanding position some 700 ft above sea level, just under the crest of the North Downs Escarpment, with breathtaking views over National Trust down and farmland and much of Kent. There are six bedrooms, two bathrooms, and workshop, plus nine acres with a tennis/croquet lawn and an area of woodland which the vendors assure one has a carpet of bluebells in the spring. Inquiries Knight, Frank and Rutley, 20 Hanover Square, London W1.

Britain's great outdoors

TRAVEL

SYLVIE NICKELS

THOSE OF us who are less wedded to sea-and-sand as essential ingredients of a holiday are really very fortunate. We are left with the choice of some of the most varied topography in the world, contained within remarkably small confines. How varied can be gleaned from the excellent free publications of our national tourist boards: "England Holidays '79," "Enjoy Scotland 1979," and "Wales." These *direct you for further* details not only to the addresses of regional tourist boards and local tourist information offices all over the country, but also to a host of organisations catering for an enormous range of activities. Other publications are also listed which, at small cost, provide the answers on most special interests, particularly those concerned with the great outdoors.

If you feel a call to the wilder and lonelier places, you will find plenty of clues here.

Ideas of what is wild and lonely, of course, vary a great deal. For some it is contained under the huge expanses of the East Anglian sky, in the windy *flatlands of the Ouse Washes*, for example, where anglers and bird watchers are the only people likely to trip over each other: or in the dappled quiet of Thetford Forest, straddling two very ancient ways—Peddar's and Icknield—near which, in dim prehistory, our Neolithic ancestors chipped away in the remarkable flint mines of Grimes' Graves. An attractive way of exploring this rather overlooked part of England is by horse-drawn caravan. Walking and cycling tours are among other possibilities.

Over on England's far side, the West Country is certainly not overlooked though, inland, whole chunks get scant attention. Bodmin Moor in Cornwall, less known than its Dartmoor neighbour in Devon, is hauntingly beautiful. Prehistory has made many marks on these lonely heights, too, and strange happenings have bequeathed their ghosts, not least that of King Arthur.

From the point of view of activity arrangements, the North York Moors are better served and, of course, being very much larger can absorb quite a lot of humanity without it showing much. I found them quite astonishingly beautiful when I first got lost among them a few years ago, not least because of the contrast between the wild, heathery uplands and the gorgeous little villages snuggled into the valleys. Holiday packages in this area include pony trekking, walking and bird watching.

Apart from the Lake District—which even in high summer can still be wild and lonely enough if you are prepared to exert some energy—the Pennines offer the most extensive expanse of wild and remote country in England, the wildness and remoteness increasing as you progress north. Despite the presence of Britain's most famous long distance footpath and the increasing number of stalwarts who stride, stroll or stagger along it, there is still solitude enough to be found, especially around points north of Swaledale. Several firms arrange activity holidays for adults or family groups in various parts of the Pennines. Among the several other inland long distance footpaths, the Cleveland Way, Offa's Dyke Path and the Ridgeway Path combine a good deal of very fine scenery with much of historic interest.

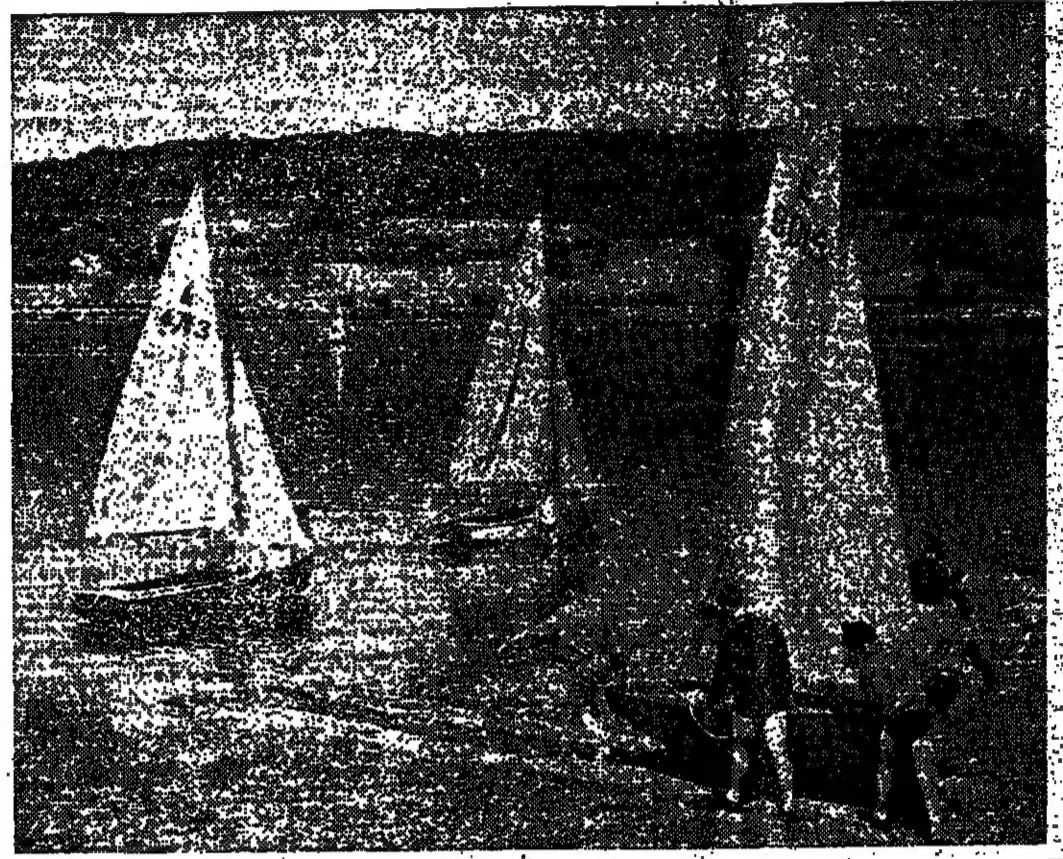
Since wild and lonely country is the rule rather than the exception in Scotland, the main requirement is to avoid a few pockets that draw the crowds, remembering that crowds anywhere in Scotland, outside the cities, is a relative term. Thus, to the south-east of the Cairngorms, the Dee Valley lacks the weight of traffic of Speyside in summer and also gives access to fine walking country on Lochnagar in Balmoral Forest to the south. Glen Cova, well north of Dundee, has a magnificent valley head with no outlet, an infallible discouragement to through traffic. The same applies further west to the valleys of Loch Rannoch and Glen Lyon.

Facilities are such today that there are all kinds of ways by which several areas can be combined. British Rail's Railrovers and Runabout Seasons give freedom of travel at will for varying durations within areas of varying size. National's summer coach schedules serve 2,991 cities, towns and villages in Britain, allowing plenty of scope for individual planning. Several hotel groups and consortia offer touring packages with either pre-booked accommodation or go-as-you-please vouchers, with free onward booking from any hotel in the group to the next. These could also be combined with one of several themes for which the National Tourist Boards have prepared attractive guides at a small cost: Norman or Roman Heritage Trails in England, for example, or the Burns Heritage Trail or Victorian Scotland north of the border.

Many of the best of our wild places are happily protected, and very full information on these is available from their guardians, such as the Countryside Commission, National Trust, Forestry Commission and a considerable body of local naturalist trusts.

Addresses: "England — Holidays '79", Hendon Road, Sunderland SR9 9XZ; Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh, EH4 3EU; Wales Tourist Board, P.O. Box 151, WDU, Cardiff CF5 1XS; Countryside Commission, John Dower House, Crescent Place, Cheltenham, Glos. GL50 3RA; National Trust, 42 Queen Anne's Gate, London SW1H 9AS; Forestry Commission, Alice Holt Lodge, Wrecclesham, Nr. Farnham, Surrey.

Your week-end £: Austria 26.50, Belgium 58.00, France 8.41, Italy 1,650, Greece 84.25, Spain 144.50, Switzerland 3.25, U.S. 2.68. Source: Thomas Cook.



WINTERSPORTS

ARTHUR SANDLES

SUDDENLY the pendulum seems to be swinging back to longer skis. It was only a couple of years ago that everyone was being told that long skis (180-225 cms) were foolishly extravagant for the average skier and that 165s were about as much as the normal Briton could handle. Now all that has gone overboard again. The ski instructors are saying that we *went too far and that we must* return to the mid-ski which, for most of us means something a few finger widths taller than our own head height.

The whole question of ski lengths and styles has become ludicrously complicated. Equipment manufacturers eagerly pursue their replacement philosophy with new lengths, new designs, and even new colours in order to convince the skier that he or she will travel faster, turn more easily and fall less often than ever before. Faced today with a range which includes racing skis, compact skis, transitional compacts, high performance compacts, freestyle skis, mid-length skis and regular skis it is no wonder that the average skier simply sighs and leaves the task of choice to his ski shop.

I am sure that if the ski industry had its way most skiers would set off for the slopes with ski bags full of a range of equipment ready for any type of terrain. "Mmmm . . ." we would say, turning to our guides. "A few icy moguls here, Hans. I think I'll take the 165 high performance compacts. Oh, and get the 205 soft-tips ready for the deep stuff as we hit the trees over there. . ."

The joke is, of course, that most British skiers rent their equipment anyway, usually taking whatever the shop has to offer and, that quite often, is what it has bought as a job lot. Skiers who have their own equipment must surely use it for several seasons, regardless of the views of the fashion pundits.

Anyone buying skis for the first time should beware of one major pitfall, and that is the danger of confusing length and type. It is not unknown for inexperienced or over-enthusiastic salesmen to push a short length, regular construction ski, onto a buyer who really ought to be buying compact skis actually built for the job. An over-short ski is bound to be wrong for the skiers weight and often too narrow for stability.

In *very* broad terms, remember a longer ski will give you more stability at speed and a shorter ski greater ease in turning. A soft ski is good for lighter weights, easy turning and soft snow, but can be very difficult to handle on ice. Skis *do not have parallel sides*; they are roughly hour-glass in shape. The narrower the waist the easier the ski will be to turn. Fast skis have straighter sides.

The overall trend in recent years has been to shorter skis with soft noses and harder heels, the aim being to help the skier initiate the turn but retaining the ability to control the carve thereafter.

All this means that buying a ski is no simple matter. Don't exaggerate or under-estimate your ability when buying skis.

SNOW REPORTS

EUROPE		
Courmayeur (It.)	80-160 cms	Wind blown new snow
St. Anton (Aus.)	*20-60 cms*	*South facing slopes bare*
Seefeld (Aus.)	10-10 cms	Pistes worn and wet
Anzere (Sw.)	20-65 cms	All pistes open, some rocky
Crans-Montana (Sw.)	25-50 cms	Snow generally good
Verbier (Sw.)	10-50 cms	Lower runs very worn
Flaine (Fr.)	20-105 cms	Good snow high
Val d'Isere (Fr.)	82-125 cms	Excellent high
Source of European reports, Ski Club of Great Britain.		
THE U.S.		
Sugarbush (Vt.)	12-30 ins	All 70 runs open
Stowe (Vt.)	30 ins	28 of 29 runs open
Hunter (N.Y.)	15-45 ins	31 of 35 runs open
Park City (Utah)	40-57 ins	All 65 runs open
Aspen (Col.)	21-48 ins	All runs open
Squaw Valley (Calif.)	26-45 ins	All runs open

Figures for both Europe (cms) and the U.S. (inches) indicate the basic snow depth, first on the lower runs and then at the top station.

Seasonal tales

GARDENING

ARTHUR HELLYER

GARDENERS cursed 1978, as the year developed from an ultra wet spring in much of England to an exceptionally dry autumn with little that could be identified as summer in between. In the north and west the weather pattern was different, the dry period starting much earlier, so that by June some gardens I visited in the Dumfries and Galloway Region were suffering from acute drought and even Inverewe, in the extreme north west, appeared to be much drier than usual.

A bad year for gardens, you might conclude. Well that was not my experience, either in my own garden in Sussex or in most of the many other gardens that I visited in many parts of Britain. The weather may have seemed inclement to gardeners but a great many plants enjoyed it and some were also still benefiting from the good ripening they received in 1977. That was certainly true of the fruit trees which, in my orchard and all those I saw throughout Kent, blossomed as seldom before, following up that heart-warming display with a crop that broke branches off the trees, so heavy-laden were they with fruit.

The only drawback was that, with so many apples and so little rain after June to keep them swelling, few attained anything like their full size. Where it was possible to thin drastically that particular difficulty could be avoided but most of my own trees have grown too large with age to make thinning a practicable proposition. I well understand those commercial growers who are turning to trees that can be managed entirely from ground level with no use of ladders or steps and are willing to replace them every 15 to 20 years to keep them within this readily manageable size.

Clearly this is the right policy for most gardens, too, especially those that are small and in time the extreme dwarf trees, cordons, spindle bushes, horizontal and fan trained, must take over completely. Besides being easily cared for, they produce the best quality fruit and, except for spindle bushes which I find a trifle ungainly, are the most decorative forms in which to grow fruit trees.

Strawberries and raspberries were equally successful, my best varieties being Gento and Glen Clova respectively. Malling Admiral produced some very large raspberries, but is late ripening, whereas Glen Clova spreads its crop over many weeks. This is what most private gardeners want. Strawberry Gento is also a long season variety and I was still picking freely from it in early November when, at last, it was stopped by cold weather.

But it was not just the utilitarian fruits that were good this year. Ornamentals were just as pleased with the weather and some, the firethorns and a few Cotoneasters among them, are still laden with berries. As I have remarked before, *Cotoneaster conspicua* is by far the best at retaining its berries which, despite their bright scarlet colour, appear to be totally unattractive to birds.

Flowering trees and shrubs were also excellent and it is at least 20 years since I had anything like such a good display from my remaining Japanese cherries. However, this unexpected bonus was due as much to the birds as to the weather since the trees were not stripped of buds in February and March as they usually are.

I watched a pair of bullfinches systematically at work in January and presumed that soon they and their mates would make their usual clean sweep but miraculously it did not happen and so my cherry trees, which were being gradually felled as useless, flowered marvellously and have been granted a reprieve. I wait with interest to see what happens this winter.

Vegetables were surprisingly satisfactory, potatoes particularly so though I have no doubt that where drought conditions arrived earlier it was a different tale. We are still picking good brussels sprouts from Peer Gynt, ostensibly an early variety, and Corona Express calabrese was still cropping in November though now repeated frosts have brought it to a standstill and presumably will soon kill it outright. I am letting it stand awhile to see what does happen.

Leeks are excellent but parsnips, although they grew fairly well, are now considerably cankered, partly, no doubt, a result of soil pests. For these I miss aldrin, an insecticide that gave me almost complete immunity from these foes for a few years until it was withdrawn as unsafe for general use. So far I have not discovered anything equally effective.

Herbaceous plants seemed to enjoy the weather and many annuals and bedding plants were superb. The trial of French and African marigolds at Wisley was the best I have seen in this country and reminded me of the marigolds in the vast seed farms in California though there was nothing in the least Californian about the summer. Violas were excellent until the drought hit them, but dahlias thought nothing of it, growing on and on and starting to flower quite early despite the lack of warmth. It is only a few weeks ago that I had to dig them up, not because they had stopped flowering but because *wind, rain and light frosts had* made them so bedraggled.

Roses grew and flowered well and in my garden were scarcely sprayed at all as there was little sign of either pests or diseases. At the R.N.R.S. garden at St. Albans it was a different matter, for though everything went swimmingly until August there was then a sudden and devastating outbreak of black spot which made it necessary to cut many plants back severely. Most recovered and were growing well again in a few weeks. There is a lesson here for all rose lovers but to be reasonably sure of getting this strong late growth after summer pruning the rose bushes must be well supplied with young wood and the soil rich in plant food. I think it can hardly be reiterated too often that roses are shrubs which thrive on constant renewal of growth and that to ensure this, pruning and feeding must go hand in hand.

هكذا من الأصل

MOTORING

1978 has been a year which saw the £50,000-plus production car in the form of the Rolls-Royce Camargue (above). But most motoring attention remained focused on a rather different end of the market—that for the small family hatchbacks which proliferate in makers lines and on the roads of the world. Below (top left) is the Car of the Year, the Chrysler Horizon, with the Citroën Visa (top right), the Volkswagen Golf (bottom left) and Mitsubishi Colt (bottom right).

Tom Watson sure to win two of the big titles in the coming year

GOLF

BEN WRIGHT

DUSTING OFF the old crystal ball for a blearly-eyed gaze into golf's immediate future is an annual exercise that gives me, at least, a great deal of pleasure. Early signs are that 1979 may well even exceed the excellent vintage of the outgoing year.

Professionals on both sides of the Atlantic and elsewhere will play for much more money. And, as Jack Nicklaus still further cuts his playing schedule in his 40th year, it will be fascinating to see if Tom Watson can continue his rise as the obvious young pretender to the crown.

The 1978 season was a bitter-sweet one for this admirably honest character. For Watson is realistic enough to know that few will remember his five victories at Tucson, Pebble Beach in the Crosby, Dallas in his mentor Byron Nelson's Classic, Pinehurst in the Colgate, and at Silverado in the Anheuser-Busch Tournament.

These helped him to an all-time record haul of $362.429 to top the money-list by only $4,970 short of $100,000 from his nearest rival, the anonymous optometrist, Dr. Gil Morgan—possibly the most mind-boggling statistic of the year.

The bitter aspect for Watson was his failure to win a major title, after he had set up a clear-cut opportunity to take three out of four. Only in the U.S. Open at Cherry Hills, Denver, did he make no real show, finishing strongly for a six-way tie for sixth place, four shots behind winner Andy North, Tom's best friend on the tour.

The galling truth is that Watson made a horrible hash of the 72nd hole to rule himself out of a play-off in the Masters' Tournament at Augusta when defending his title in the spring. Tied for the lead with Peter Oosterhuis at St. Andrews after three rounds of the Open Championship in July, Watson played the third worst round recorded on the final day — a 76 to slump into a tie for 14th place.

His most spectacular failure was reserved for the U.S. PGA Championship at Oakmont, Pittsburgh, in August. Leading by five shots at the start of his final round and by four with nine holes to play, Watson's collapse therefore was hardly complete because he scored 73. But his defeat in the first three-man sudden death play-off for a major championship at the hands of John Mahaffey was a galling blow to his considerable pride.

It is my confident prediction that Watson will prepare himself much more carefully for the big events in 1979 and win at least two of the four major titles. Nothing would surprise me less if he were to win three, or even get into position to pull off the Grand Slam.

Another golfer I expect to enjoy a spectacular year is Hale Irwin, if only because he is by far the most consistently elegant player and easily the fiercest competitor in the world. While on the subject of elegance, Tom Weiskopf has told me in all seriousness that he will retire at the end of 1979, having first played the most exhausting schedule he has ever attempted—some 30 odd tournaments.

I will believe it when I see it, but, if premature retirement is on the cards, I hope the big fellow—my favourite of all to watch in action — adds to his miserably inadequate total of just one major championship victory. How marvellous it would be if that came about at Augusta, where tall Tom has suffered his worst frustrations.

Of the less well-known players in America, I am most impressed by little Phil Hancock, whom I confidently expect to see improve on his promising 44th placing in the 1978 money-table. Having broken through to win the inaugural European Open, Bobby Wadkins may have a great season if he is not previously lynched by the caddies he paid so inadequately in 1978.

Spain's Sevvy Ballesteros will play at Doral, Miami, which complex he represents as playing professional, in the Doral-Eastern Airlines Open, in the $400,000 plus Tournament Players' Championship in Jacksonville, and defend his Greater Greensboro Open title en route for Augusta before starting his European campaign, which will be much restricted by a hoped-for eight further appearances in American events.

So there is a live hope that a British player will once again head the Order of Merit here if the men in question are not scared half to death by the hectic scramble for Ryder Cup points.

Alas, my confidence in our leading lights is so minimal that I can easily see the likes of Dale Hayes, Greg Norman, Bob Charles, and a few more foreigners free of such considerations cleaning up as our youngsters apply the pressure to themselves in each successive tournament, as the struggle for a place in our team becomes ever more desperate.

But how one would love to see Nick Faldo, Ken Brown, and Howard Clark consolidate after their marvellous performance in 1978, Peter Townsend to prove he is a late, and Sandy Lyle an early developer.

In the amateur game we will win back the Walker Cup at Muirfield, thanks to the inspiration of Peter McEvoy, who will then go on to contest a historic Amateur Championship Final at Hillside, Southport, against the American prodigy, Bobby Clampett, who will be just 19 years of age at the time.

McEvoy, awarded the Golf Writers' Trophy this month for his second successive Amateur Championship victory, will make it a hat-trick, and retain the scribes' pot.

I fervently hope the new British women's professional tour will get off the ground and be a resounding success. Goodness knows, the female area of the game in these islands is in sore need of revitalisation.

Lastly, on the other side of the Atlantic, the delightful Nancy Lopez will win only about 20 tournaments, become the first woman ever to win $250,000 in a season, and get married.

Record breaker

BY STUART MARSHALL

FOR MOTORING, it has been a year to remember. A year in which Britons bought more cars than ever before, the record-breaking 1973 only excepted. A year that saw the spectre of the £1 gallon come nearer; and in which a car was price-listed at over £50,000 for the first time. Which car? The Rolls-Royce Camargue; it costs £50,450 and you will be exceptionally lucky if you can find one on offer without a huge premium.

The Car of the Year contest was won by the Chrysler Horizon, which surprised me not at all. I was not alone in tipping it as a likely winner after driving it in Morocco last March. But the Fiat Ritmo, which came a close second, could have won just as easily. In some ways it is a more innovative car than the Horizon, which is 50 per cent Simca 1100 and Chrysler Alpine parts anyway.

What seems to have influenced the judges was the Horizon's optional extra pack of electronic gadgetry with an instant read-out of your average speed, fuel consumption and so on. No, it's not available yet in Britain but may be in 1979. Some American cars have it already and the idea will spread as fast as the pocket calculator.

Two other cars that would have deserved to score highly in the Car of the Year contest had they appeared in time were the Citroën Visa and the Mitsubishi Colt 1.4. These small hatchbacks were just too late to be considered and, 12 months hence, will probably be thought a bit old hat by the 1979 judges. Which shows how important it is for a manufacturer to time a product launch properly when going pot hunting.

My own car of the year? Without doubt, the Volkswagen Golf diesel, new only in the sense that it went belatedly on sale in Britain in the spring. This five-door family hatch rides and handles admirably and gave me 53.2 mpg over 2,250 miles of absolutely normal town and country driving. The 15,000 miles a year family man who buys a Golf diesel now will be laughing all the way to the bank in five years time. Already, the price disadvantage of Dery against petrol is melting away.

Pleasant surprises this year? The Volvo 343 with manual gearbox. It is twice the car it used to be when it came with a belt driven automatic transmission without the option—and it's cheaper, too. Another was the Saab Turbo, a real Q-car, with an exhaust driven turbo-supercharger that pours on seemingly unlimited top gear acceleration when you want it without raising the engine's voice above a hum.

There were more pleasant moments. Like finding that the Jaguar XJ's ride is still among the world's best; that the new Opel sixes really could hold up their heads in vastly more expensive company; and that the conservative looking Subaru 4x4 estate car drove like a Saab 95 on the road and, like a Scorpion tank across country.

And disappointments? One was my first drive in an American 4x4 recreational vehicle. It was all very nicely tricked up inside and had endless power, but was unnecessarily big, rode badly and handled sloppily. These super-colossal RVs are no substitute for the Range-Rover which remains the best light cross-country vehicle in the world. What happens after March, 1979, when a Daimler-Benz rival appears on the scene, we shall have to wait and see. And others? Well, Alfa Romeo's fall from grace over gearshifts in both Alfetta and Guilietta . . . and the lack of official encouragement in Britain for the energy-saving diesel car.

I hope the Rt. Hon. Anthony Wedgwood Benn (or whoever succeeds him as Energy Minister) will set a good example by using a diesel Princess as his official car. It is due to be on the market by next summer.

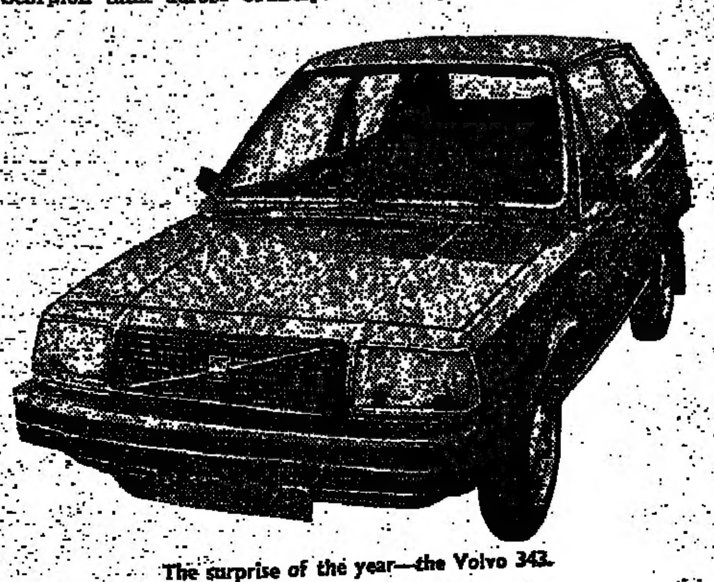
Forecasts for 1979? More turbo-supercharged cars, both petrol and diesel. The Colt Sapporo coupé, fitted in Britain with a turbocharger, and exhibited at the Performance Car Show in London before Christmas, points the way. There will be others, including executive-type saloons from Germany. A turbo-charged Mercedes diesel has been selling well in the U.S. and BMW have a blown diesel in the pipeline.

Some attractive new cars from Japan will reach Britain, the rotary engined Mazda RX-7 sports car and the Mazda Montrose (it looks like an oriental cousin of the Vauxhall Carlton) among them. Will the Rover 3500 estate that Michael Edwardes sometimes drives go into production next year?

Ultra low profile tyres like the Michelin TRX, Pirelli P6 and Goodyear's NCT will proliferate on up-market cars. They improve handling, roadholding and ride comfort. One car that will soon get TRX as standard equipment is the five-speed Peugeot 604TI. Together, they make a superb comfort/performance combination at a realistic price. And there will be a TRX option on the Rover 3500, too.

Finally, two New Year resolutions, if not for readers of this column then for those they may feel able to influence. Always comply with the law that demands dipped headlamps, not parking lights, when heavy rain, falling snow and fog diminishes daytime visibility. (Isn't it high time that some of the no-lights or parking lights only brigade were pinched for careless driving on foggy motorways?) And don't let tyres wear down until the shoulders are bare even if there is more than 1 mm pattern left in the middle. They may still be legal in Britain—though they are not anywhere else in Europe—but they are potentially lethal.

Happy motoring in 1979 for these who still enjoy it; and at least a year of trouble-free driving for those who use a car only because they have to.



The surprise of the year—the Volvo 343.

My Book of the Year

Our reviewers choose the books published this year they have most enjoyed reading.

● The best book I have read this year is **Two Rothschilds and The Land of Israel**, by Simon Schama (Collins, £7.00). Schama who is in his early 30s, is someone this country ought to be proud of. He has won high professional esteem for his historical scholarship, and also for his judgment. In addition, he has the percipience, and the projective power, of a high-class novelist. He demonstrated this in his first major book, *Patriots and Liberators,* and now again.

David Cook, whose **Walter** (Secker and Warburg/Alison Press, £4.50) was the most impressive novel I read during the year, is about the same age as Schama and in a different fashion just about as talented. The contrast, however, is dramatic. Where Schama is expansive and confident, and in much of his book occupies territory which would once have been a novelist's, Cook concentrates on a single poor victim of fate, a pathetic creature, mentally deficient. He does it with beautiful sympathy. The book is a delicate triumph of a work of art. The difference between these two books, though, may be a pointer to where our various forms of literature are tending.

C. P. SNOW

● The books which still stir warm feelings at the end of the year are those which led me to other books. This is not such a back-handed compliment as it appears. After all, any biographer of a writer who thinks he is in competition with his subject's books would be either foolish or very conceited.

I used to enjoy the poems of Edward Thomas but until Jan Marsh wrote her sympathetic biography **Edward Thomas: A Poet for his Country** (Elek, £7.95) *they had passed from my* life. Her analysis of his development and preoccupations and her generous use of quotations from his work sent me with new enthusiasm to the Faber paperback.

In the same way, I was reminded of my childish delight in Mary Webb's novels, *Precious Bane* and *Gone to Earth* by Gladys Mary Coles' biography, **The Flower of Light** (Duckworth £7.95). I had first read the novels (now reissued by Duckworth) without knowing anything about their author and suffered from a guilty suspicion that all that romantic passion couldn't be literature. In fact I remember disguising the books inside the cover of the definitely respectable, *The Hobbit.* When Miss Coles' excellent biography made them legitimate. I discovered they were as compulsive as ever but better written and with a greater sense of humour than I *had remembered.* The best parts combine the violent intensity of D. H. Lawrence with the feeling for nature of Thomas Hardy.

RACHEL BILLINGTON

● One of the reasons why Graham Greene lends himself to parody is that so many of his novels are set in exotic, even improbable places. It is as though the vultures, the stench, the leprosy, the corruption and the Tontons Macoutes were essential to tell the story. In fact, the external atmosphere matters very little and may even detract from the theme. Corruption begins at home, and Graham Greene writes about the English.

That is why the best of his novels so far is **The End of the Affair**, set in London, and first published in 1951. One had begun to despair of his doing it again, yet **The Human Factor** (Bodley Head, £4.50) is a pretty good attempt. All the familiar themes and all the familiar tricks are there, but they are the more telling without the exotica. Take, for example, the knocking over of one of Mrs. Daintry's glass owls in her Kensington flat. It is a far more devasting, and far more human, incident than anything that could be threatened by a vulture.

Geoffrey Hill

At the same time, there has been no loss of topicality. "I'll fight beside you in Africa, Boris," says the British agent ostensibly employed by the Foreign Office, "not in Europe." It is also a love story, and very funny. Graham Greene has almost stopped running away.

MALCOLM RUTHERFORD

● The best I have read was Geoffrey Hill's **Tenebrae** (André Deutsch, £2.50), a collection of poems you can read in an hour, and hardly forget in a lifetime. They are terse, formal and intellectually bold, especially in their religious sonnets, and I only hope Hill can learn to abandon the Georgian mannerism of leaving some poems pointlessly unpunctuated. Points compen*sate for the loss of voice.* The whole book, slim as it is, amounts to a finely worked eulogy of that "spiritual, Platonic old England" that Coleridge praised. The book is scrupulous throughout, too, in its acknowledgement of far-ranging debts to European literature, as if devoutly concerned with honest dealing. I especially liked Robert Southwell's declaration of 1591, both for its aptness and for itself: "Passions I allow, and loves I approve: only I would wish that men would alter their object and better their intent." These are poems to re-read and memorise: more mind-stretching than all but the rarest of new novels, and far more so than the latest batch of bisexual memoirs from the era of our grandparents, to tax us too late with what we have missed.

GEORGE WATSON

● *In my choice,* **North of South:** *an African journey,* by Shiva Naipaul (André Deutsch £6.50) the faults are obvious, too personal a view, too much bare dialogue, a stress on small and universal discomforts which reveal more about the author than about Kenya or Tanzania. But there are also the passages of great power, sympathetic and deeply sad. The warmest writing goes to the fate of "Asians" in Africa, a group whose chilling insecurity is seldom so much as acknowledged in Europe. But the strongest scenes are still to be found in the individual encounters, in the frightful gap between acquired language and reality and the unreal ambitions and self-deception of Africans themselves. Their continent has been pulverized by our civilization I have seldom been so saddened by a factual book.

ROBIN LANE FOX

● In choosing P. N. Furbank to write his life, E. M. Forster struck gold. Volume II of P. N. Furbank's **E. M. Forster: A Life** (Secker and Warburg, £7.50) is a masterpiece. He has, with subtle and sympathetic candour, surmounted the perils of discussing Forster's homosexuality in a sane and level-headed manner, without resort to tactful omissions. I have only one complaint: Furbank neglects the post Masud-Dewas generation of Forster's Indian friends. Morgan Forster *is the only* English writer to have inspired a book of tributes (1964) from six well-known writers from India and Pakistan. That book meant much to him. Furbank makes no mention of it. This, in no way diminishes his achievement, which will stand the test of time.

In her deeply moving, **A Captive of Time: My Years with Pasternak,** Olga Ivinskaya (Collins/Harvill Press, £7.50) captures the overwhelming poetic strength, passion and tragedy of her intimacy with the great Russian poet. I found her courageous memoirs unputdownable.

K. NATWAR-SINGH

● Because I read fiction solely on aeroplanes, I tend to see only paperbacks of year-old novels, and of these my favourite of the year was E. L. Doctorow's **The Book of Daniel.** But as it happens, I did read Graham Greene's **The Human Factor** (Bodley Head £4.50) as soon as it came out, and if I were going to choose a novel this would be the one.

However, I am not, I am going to choose a theatrical biography, this being what I am most addicted to, and the choice is not easy. Not because there were so many, but because there were two outstanding examples, John Lahr's **Prick Up Your Ears** (Allen Lane £5.95), a life of Joe Orton, and Irving Wardle's **The Theatres of George Devine** (Cape £8.50). Irving Wardle wins by a short head, for his subject has been one of the most influential figures in the theatre in the last half-century, and Mr. Wardle has followed up every thread, so providing not only an account of Devine's life but a fascinating survey of that important fraction of the theatre that came under his *influence.*

B. A. YOUNG

● Graham Greene's **The Human Factor** (Bodley Head, £4.50) is the latest achievement of a writer who is adding a new dimension to the English novel.

The English novel has characteristically succeeded most in the domestic sphere, or as novel of manners. Greene began with spy stories and religious problems, and made fine books of *them. Since 1950 his fiction has* embraced international themes and issues, in Vietnam, Haiti, Argentina. His mastery of the traditional novel of manners is also outstanding, and his work is marked by increasingly confident comic treatments.

Greene's novel centres on a projected deal, for defence reasons, between America, Britain and South Africa, and its hero is a quiet English spy for the Russians, with a black *wife and child.* It is a spy story: it is a masterly observation of English life: it is hilariously funny, and an anguished story of gratitude, loss and failure. I believe it is also a great novel.

ISOBEL MURRAY

● I nominate **A Captive of Time: My Years With Pasternak** by Olga Ivinskaya (Collins/Harvill £7.50) and **Solzhenitsyn and the Secret**

Shiva Naipaul

Circle by Olga Carlisle (Routledge £4.95). Here are two Olgas who paid dearly for devoting themselves to Russia's two most famous dissident authors, one by imprisonment at the hands of the KGB, the other by being banned from the USSR, her father's native country and her own career specialism. Both books are defences against literary rather than legal charges brought against them — against Ivinskaya, that she persuaded Pasternak, her lover, to sign his famous recantation (which she admits she did, but pleads extenuating circumstances) against Carlisle, that as Solzhenitsyn's first and secret agent in the West she let him *down by less-than-perfect* translations (the issue over which her relationship with Solzhenitsyn broke down in bitterness), and that by publishing his works in the West at all she was responsible for his enforced exile from the USSR. Read together, whatever the rights and wrongs, an instructive insight into literary politics and the finances of dissent.

REX WINSBURY

● My treat of the year is Mark Girouard's **Life in the English Country House** (Yale University Press, £10.00) a splendid book that appeals about equally to the mind and the spirit. The subject is enormously attractive, to start with: upstairs and downstairs, indoors and out and across the centuries, it is full of historical, social and cultural interest, and the author turns up all kinds of oddities of information intuitive thoughts, that give his book a very personal air. As his earlier works on the Victorian country house and the Queen Anne revival have shown, Professor Girouard is a marvellous guide to ideas through a mass of detailed, well-arranged evidence; at once scholarly and accessible, able to shape his material and to throw unexpected light on this or that; and so his book is full of insights, stretching the imagination, setting architecture within the rituals of social life and showing its reasons for being what it was, and for evolving as it did.

ISABEL QUIGLY

● Being in the Theatre, I gravitate towards books on that subject, and of several I read this year by far the best was Irving Wardle's **The Theatres of George Devine** (Cape, £8.50). I find Mr. Wardle as a theatre critic often both irritating and impenetrable, but as a theatre historian he has done a splendidly articulate job on a subject whose principal character was something of an enigma. I was fortunate enough to have been at the Old Vic School, so that episode intrigued me particularly: but the whole book is continuously interesting. I also enjoyed, as usual, Cecil Beaton's latest volume of **Diaries 1963-74: The Parting Years** (Weidenfeld, £5.95), though my joy was *tinged with sadness.* His diaries for this period seem shot through with self-doubt, and I would like him to feel reassured that this is ill-founded, and to express the hope that we may continue to enjoy his reminiscences for many years to come.

SANDY WILSON

● My choice Daniel Yergin's **Shattered Peace: the Origins of the Cold War and the National Security State** (André Deutsch, £7.95) is a young man's book. It is energetic, lively and *provocative though based on a* wide reading of the primary and secondary material. If Dr. Yergin is inclined to impose too-rational and neat a pattern on the complicated events of the 1945-48 period, he does present old debates in a new

Daniel Yergin

framework which forces the reader to think again about these contentious years.

For Dr. Yergin, the Cold War is an historical event; his account is refreshingly free of both the cold warrior and revisionist emotional commitment. Among a great many studies in a well-ploughed field, this book held my attention with the freshness of its approach. The scholarly apparatus is reserved for the back of the book *so that both* the general reader and the profes*sional can read it with pleasure* and profit.

ZARA STEINER

● **The Serial** (Picador, £2.50) is an odd-looking volume bound with a metal spiral like a reporter's notebook and arranged in 52 two-page chapters each with a half-page sketch by Tom Cervenak. It doesn't actually need any of these gimmicks, apt though they are, since author Cyra McFadden has managed the rare deed of writing a completely original book. She describes a year in the lives of Kate and Harvey and their friends of Marin County, California, which is where most things seem to come from nowadays—jogging, 10-speed bikes, and primal screaming for instance. There is a chapter called "Joan Joins The Moonies" and another called "Meaningful Interaction In A Commune," and the characters are into macramé, viable alternatives to the family unit, and how to mellow out and take the overview. It is deliciously funny in two ways: as a pastiche of the Mrs. Dale's Diary type of minutely detailed biography, and as a satire on the lives of trendy Californians.

CHRIS DUNKLEY

● The two books I have most enjoyed in 1978 are Sir Robert Marks' **In The Office of Constable** (Collins, £6.95) and Michael Hurd's **The Ordeal of Ivor Gurney** (Oxford University Press, £5.95). Sir Robert's book is a shining example of a man who preserved his humanity while holding one of the most difficult and ugly jobs thrown up by our unedifying age.

I was heartened again and again by the way in which simple humaneness leads to simple good sense: here is a non-political man who has lessons to pass on to politicians. I found the book in one sense depressing: shall we see Sir Robert's like again? I doubt it; but I hope so.

Ivor Gurney has been until recently the most neglected of all the poets of the 1914-18 War. His experiences in it proved too much for him, and he spent the rest of his life in a mental hospital where he died in the late 1930s. He was a gifted song writer, but an even more gifted poet. His many poems — by no means all of which have yet been published — are seldom coherent, but when they are they have quite as much power as those of Owen or Rosenberg. Michael Hurd, thanks to the sensible policy of his publishers, has provided what is I hope only the first of many accounts of this unhappy, passionately English poet. It is an excellent start.

MARTIN SEYMOUR-SMITH

● I read **The Sea, The Sea** by *Iris Murdoch,* (Chatto and Windus, £5.50), the winner of this year's Booker Prize for Fiction, on the Isle of Mull last summer, and I choose it now as the book I enjoyed most this year. Mull was the perfect setting in which to give oneself to such a fine novel. I did not meet anyone out of my past life while on the island as sometimes happens on holiday, but people who have played a significant role in my life do have a way of bobbing up from the oceanic swell of the mind the whole time, even though I may not have seen them for decades. This is what I take the novel to be about: the appalling tyranny which may be exercised by what has happened preventing one from perceiving what is happening now. Being able to observe this tyranny enslaving someone else who had been a great success in worldly terms, I felt blessedly released from it in myself; at least while I was reading the book.

ANTHONY CURTIS

Poets speak with different voices throughout the year

BY MARTIN SEYMOUR-SMITH

Basil Bunting's **Collected Poems** appeared ten years ago under the imprint of a "little" press, Fulcrum. A new edition (Oxford University Press, £3.75, 152 pages) adds four poems and incorporates important corrections. Bunting, who was born in 1900 in Northumberland, was ignored in England until the early part of the 1960s. Those who knew his name associated him with Ezra Pound because Pound liked his poems and anthologised some of them in *Active Anthology* in the early 1930s: also Bunting much admires Pound, whereas he appears to have no time for any English poet of this century (he dislikes Eliot, too, for what he considers to be his bad technique).

Yet Bunting a fine minor poet, is exceedingly English. What he learned from Pound was, not to resemble him — which he does not—but to be what he is: a Northumberland minor poet. He writes to be heard rather than read, and his poems reflect the meticulous (and often surprisingly romantic) way in which he speaks and feels. He prefers honesty to cleverness, and his poems are honest and never clever.

It is a great achievement, which includes two books of odes—many of them exquisitely moving — and a long poem, "Briggflatts," the most lucid, musical and passionate poetry he has written. Those who did not read Bunting ten years ago should do so now.

Barker neglected

George Barker's **Villa Stellar** (Faber Paperback, £2.50, 71 pages) is a sequence of fifty-eight poems which contains the usual Barker mixture of the preposterous, the feeble, the prosy and the suddenly and overwhelmingly poetic. As always, Barker balances his canniness and cynicism against his romantic extremism and then trusts to luck and to his considerable lyric gift. It is curious that so many English readers of poetry should have been surprised into admiration by the so-called "confessional" poetry of Lowell and, in particular, Berryman (who killed himself). The confessional manner is supposed to have originated with William Snodgrass, another American poet—and so Lowell may honestly have believed when he acknowledged this. But Barker was writing in this way in the early 1930s, and he influenced the American Delmore Schwartz, and Schwartz. . . . It is interesting to compare this volume with the young Barker's *Calamiterror:* he has had the courage hardly to change at all, and he remains one of the most interesting and (now) almost neglected poets of his time.

Charles Tomlinson's **Selected Poems 1951-1974** (Oxford University Press, £2.75 paperback, 149 pages) draws on all his collections; **The Shaft** (Oxford University Press, £2.50, 54 pages) is a new book. Tomlinson is a highly intelligent and meticulous poet who lives precariously between extreme conventionality and a somewhat mechanical modernism-for-its-own sake. A frustrated painter, he wants to be a poet more than he is impelled to be one. If you like renderings of landscape into poetry—and there is no reason why you should not—then you will like Tomlinson.

Painter's pain

At his best he is writing about the pain of not being able to paint. At his less good he is trying too hard to say something significant, as in the over-ambitious "Charlotte Corday," which is impressive, but only in a rhetorical way—since it is clear that the author does not care about Charlotte Corday, but it more interested in being impressive. But in matters of taste and tact Tomlinson is beyond reproach: his own very high standards lead us to judge him by similarly high standards.

Geoffrey Grigson started again, so to say, after he had published his *Collected Poems.* **The Fiesta** (Secker & Warburg, £3.50, 91 pages) is his seventh book of poems since the *Collected Poems,* and I have enjoyed it more than any of his other books and more than anything I have read this year. Almost every poem in this volume carries its weight. The real theme is decency: how to endure a world whose affairs are mostly disgusting with the fullest grace and acknowledgment of what is good. He can be successful in the shortest compass, a sure test:

Who croaks Decay for all?
Who offers the Dove?
In the cliff-egg life spins,
And does not fall.

Grigson conveys a sharp sense of what is absurd (as in his appraisal of a fake "modern" sculptor), but also a sharp sense of what he enjoys and is grateful for. There are many lovely poems—and some that will last as long as English literature.

In **Paradise Illustrated** (Chatto & Windus, £2.50, 64 pages) D. J. Enright—a good poet from his first collection, *Season Ticket,* published 30 years ago—contents himself with being witty and satirical about the disgusting aspects of life; but he is often poignant and disturbing. His theme is the perversity of the human race, and he illustrates it by a series of poems on the theme of the Fall. These are tragi-comic as are the other poems included: they are also bitter.

The overall impression is of a wise, mistrustful and very well educated man trying to ward off despair by laughing at it. There is not yet the serene acceptance of it we find in Grigson (a development that will surprise some); but it is obvious from the technical skill and the feelings tactfully displayed that Enright has much more to say, and that he will say it. Like all true poets, he is driven by life to be honest and unpretentious.

Geoffrey Hill is highly thought of, and rightly. He is an elegant, metaphysical, bookish poet who is dissatisfied with himself and who does not bother to hide this. In *Tenebrae* (André Deutsch, £2.50, 48 pages) a thin book of finely wrought, subtle, loaded poems, although *he is reticent, Hill has authority* because he is anxious not to impress but to achieve perfection. He comes near to this in such poems as "Florentines"—

Horses, black-lidded mouths
  peeled back
to white: well-groomed these
  warriors ride,
their feuds forgotten,
  remembered, forgotten . . .
A cavalcade passing, night
  not far off:
the stricken faces damnable
  and serene.

His dislike of the demotic and of explicitness has driven him to adopt a seventeenth-century style, fruitfully crabbed and packed; every now and again he achieves a superbly powerful line. But, admirable as he is, he does frustrate the reader by his failure to express himself directly — to expres himself not in the mould of some conventionalised form. But he remains the best of those English poets now nearing fifty.

And now for eleven books which must, regrettably, be dealt with in shorter compass. Peter Ackroyd's **Country Life** (Ferry Press, 177 Green Lane, S.E.9, £1.50, 33 pages) consists of poems notably scrupulous about the use of words. If anyone is making a new poetry (as distinct from something else) out of what here and now will have to be called linguistics then it is Ackroyd: I urge readers to try him out and to follow what he is trying to do without being prejudiced because at first sight his poems seem difficult or without sense. In fact they make very good sense, although of a sort that is refreshingly unfamiliar.

From "The School of Eloquence" (Rex Collings, £3.00, 55 pages) is a collection — an interim one—by Tony Harrison, who has given such pleasure to theatregoers with his skilful translations from Molière and others. The poems, demotic and literary at the same time, are beautifully realised and deeply felt.

In **The Cost of Seriousness** (Oxford University Press, £2.50 paperback, 55 pages) Peter Porter strives, with great success, to reflect the preoccupations of literati: in this volume he speaks often in the voice of Auden, although he lacks Auden's ear.

Some may find his allusions to Italian art and German thought painful and self-conscious; others will appreciate his sincerity and the hard work he puts in on his poems. **The Onion, Memory** (Oxford University Press, £2.25, 72 pages) is Craig Raine's debut in volume form. He is satirical clever and, at his best, disconcerting. D. M. Thomas's **The Honeymoon Voyage** (Secker and Warburg, £2.90, 64 pages) is versatile and well accomplished.

The author celebrates myths less successfully than dreams, but is always interesting and readable; a poem about Jung and Freud is very funny as well as being uncannily at home in its subject.

Burning the Ivy (Cape, £1.95 paperback, 48 pages) is Ted Walker's fifth book: it will disappoint his admirers. The poems are carefully enough made, and readable; but they tend here to be banal and even embarrassing ("Rip into me" he asks a Zoo eagle).

New frequencies

R. S. Thomas's admirers, at a perhaps higher level, will be equally unhappy with his **Frequencies** (Macmillan, £2.95, 52 pages). The poems are of course well argued and lucid, but the language lacks poetic urgency. The impression is of having read a volume of good prose.

Peter Levi's **Five Ages** (Anvil Press with Rex Collings, £3.25, 54 pages) reflects a busy time in his life (as he says): the poems are somewhat tired and diffuse. Peter Levi makes his points by means of the way he says things rather than by what he says: in this collection he is trying to be more direct, but not concisely enough.

The Watchman's Flute (Carcanet, £2 paperback 61 pages) contains pleasant occasional poems by John Heath-Stubbs, whose status in English poetry is almost that of an elder statesman; it is good to find here a graceful elegy for the poet Brian Higgins, who died at thirty-five, thirteen years ago.

Alas, although Portuguese poetry is interesting, Helder Machedo's and E. M. de Melo de Castro's **Contemporary Portuguese Poetry** (Carcanet, £3.25, 182 pages) is almost a model of how not to do it. So few of the translators show even a nodding acquaintance with the language (even if they have it): all the poems tend to look the same. And such lines (and there are too many of them) as "It beggars me, this futile certainty of mine/that my being is ephemeral" won't do in Portuguese or any other language.

The Arts Council's **New Poetry** (Hutchinson, £4.50, 191 pages), edited by Fleur Adcock and Anthony Thwaite is conscientious but rather banal: "pain," as on of the contributors (Peter Porter) writes, "feels the same from Kidderminster to Kano."

D. J. Enright: back to Paradise

An Oxford quintet completed at last

BY D. F. McWILLIAMS

The Madonna of the Astrolabe by J. I. M. Stewart. Methuen Paperback £1.25. 504 pages

With publication last July of *Full Term* (Gollancz, £4.95), Mr. J. I. M. Stewart completed *A Staircase in Surrey,* his series of five Oxford novels, which started in 1975 with *The Gaudy,* and continued with *Young Patullo, A Memorial Service* and *The Madonna of the Astrolabe,* now issued in paperback.

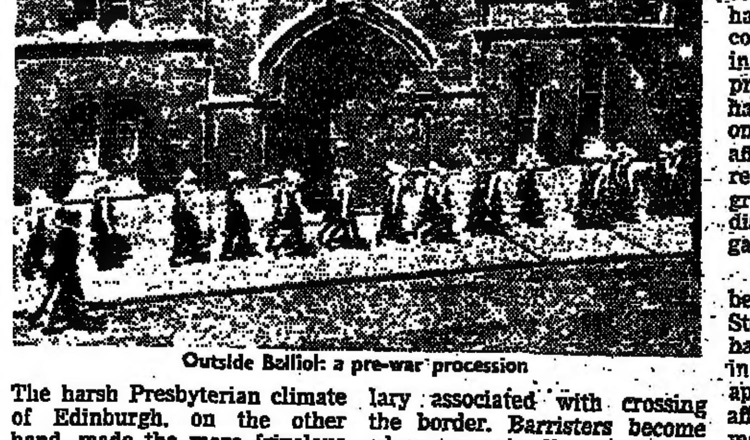
Patullo, the narrator in the series, is an ex-playwright who is offered an English fellowship at his old college when he returns there for a Gaudy (a lavish sort of old boys' reunion). In successive novels we are offered suicide, rape, theft, homosexuality, unhappy love affairs Patullo's undergraduate days and Scottish upbringing, negotiations for a large sum of money, a college tower on the verge of collapse, the discovery of a priceless art treasure and the rescue of two nuclear physicists from behind the Iron Curtain.

This all sounds quite breathtaking and the cleverly engineered plots are a constant reminder that the author is also a first-rate detective-novelist although he allows them to be acted out at a pace in keeping with Oxford.

Mr. Stewart's style sometimes appears deliberately donnish with the impression being heightened by apposite literary references. Most situations and places deserve the carefully chosen phrases but paintings and buildings which merit such close attention show off the writing in its best light. Opportunities for art description abound, because Patullo's father who appears in countless flashbacks to the narrator's youth is a distinguished painter, and a major plot in the fourth novel, *The Madonna of the Astrolabe* concerns the discovery and disappearance of a work by Piero della Francesca.

Most fun for the reader with any connection with Oxford at all is to identify familiar faces and places. A number are easily recognisable. For example, the Chancellor of the University, an ex-Prime Minister whose suspiciously simulated decrepitude hides a still-alert *intelligence,* is described with acute perception. Patullo's college appears to bear a certain resemblance to Mr. Stewart's own.

One of the themes embedded in the book is the contrast between Patullo's Scottish background and Oxford. The strong Scottish educational traditions provided excellent training for the academic side of Oxford.



Outside Balliol: a pre-war procession

The harsh Presbyterian climate of Edinburgh, on the other hand, made the more frivolous aspects of Oxford life both tempting and disconcerting.

Patullo's Scottish relations would have fared well in the Oxford league for eccentricity Yet, despite these atypical characters the Edinburgh upbringing has a strong air of authenticity, neatly marked by the subtle changes in vocabulary associated with crossing the border. *Barristers* become advocates, Anglicans Episcopaleans or "piskies."

With Oxford a less typical picture emerges. The part of Oxford life which is portrayed in the novels does exist, but there are many other facets. Even ignoring the non-University part of the town (although I have heard an American describe Oxford as "Britain's Detroit), university life is by no means as dominated by college politics, bachelor dons or leisurely walks through the parks or the meadows as the casual reader of any of these novels might assume.

Oxford has now changed considerably from its cosy 19th century existence. Women have now not only their own colleges but have made great inroads into the former male preserves. As economies of scale have encouraged organisation on a university basis, college affairs have been relegated to a relatively minor position and greater issues have tended to be discussed at the level of congregation or the faculty Boards.

Perhaps the major change has been in the pace of life. Mr. Stewart's dons do not appear to have much to do, although early in *Full Term* he remarks that appearing not to be busy is an affectation typical of dons. For most dons of my experience article deadlines, research commitments and an increasingly competitive approach to academic life have imposed much tighter schedules on them than their predecessors would have tolerated, and no longer can the extra activity be hidden. Non-Oxford readers beware—readable as the novels are, it is not all like this.

هكذا من الأصل

HOW TO SPEND IT

by Lucia van der Post

New Year Champagne Quiz

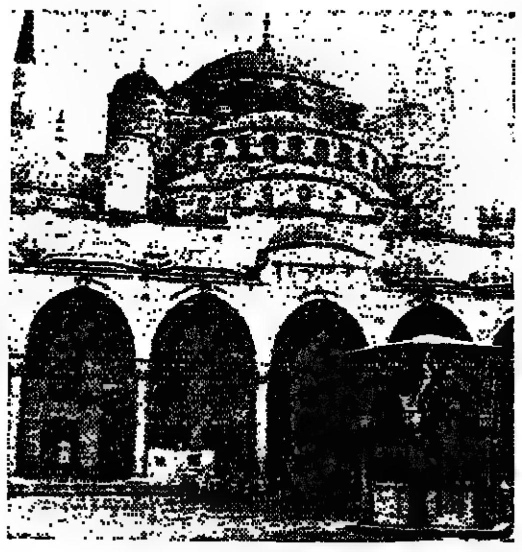
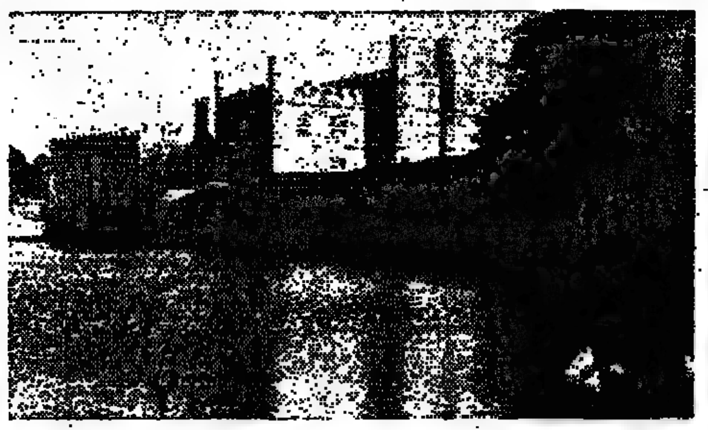
THIS is the week for our now traditional holiday-time quiz. Anxious readers have been writing in for the past few weeks to make sure that we hadn't forgotten that they were looking forward to the quiz itself and to the opportunity of winning the equally traditional prize—a magnum of champagne.

This year's quiz has largely been compiled for us by E. P. C. Cotter, whom many of you will already know as our bridge correspondent and compiler of some of our crosswords. Each year we try to vary the format of the quiz slightly—some years they are a greater test of numeracy, others of general knowledge, and yet others still may have more of a leaning towards the classical or the literary. This year's has less dependence on numeracy which I know will please our less mathematically-minded readers and a much greater dependence on general knowledge.

We have again left sufficient space for all answers to be filled in on the page itself. Do make sure you use a pen that writes neatly and clearly as that makes our job of checking the answers very much easier.

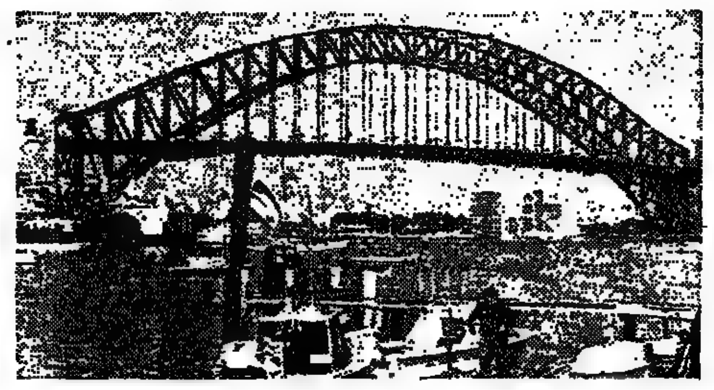
We will award three prizes of a magnum of champagne each to the first three fully correct collection of answers that are opened in this office on Monday, January 8.

Mark all your entries "Quiz" and send the completed page to: "How to Spend It Page," Financial Times, 10, Cannon Street, London, EC4. The three winners and the answers will all be published in the issue of January 13 and in the meantime I hope you all have great fun doing the quiz and I wish you a happy New Year.


What are these pictures of?

Fill in the names under the photographs

Shakespeare

In what Shakespeare plays do the following characters appear?

a. Caliban

b. Sir Pierce of Exton

c. Imogen

d. Osric

e. Jessica

In what Shakespeare plays do the following quotations appear?

f. Let not my cold words here accuse my zeal.

g. Give me my robe, put on my crown; I have immortal longings in me.

h. Mine eyes are made the fools o' the other senses.

i. O then began the tempest of my soul.

j. This was the most unkindest cut of all.

Historical

In what year did the following events take place?

a. Signing of the Magna Carta

b. Battle of Agincourt

c. The General Strike

d. Sinking of the Lusitania

e. Battle of Marathon

Crime

What sleuths do you connect with?

a. Dorothy L. Sayers

b. G. K. Chesterton

c. Georges Simenon

d. R. Austin Freeman

e. S. S. Van Dine

Magic Square

Arrange the numbers 1 to 9 so that horizontally, vertically, and diagonally the columns add up to the same amount.

How numerate are you?

a. I asked my wife to buy me one pound's worth of 9p, 7p, and 3p stamps. I said I needed 14 stamps, with more at 9p than 7p. What did she bring me?

b. Our golf club decided to go to the south coast for the day. The coach we hired cost £35.56. A special rate per head was fixed as there were over 50 in the party. How many were there?

c. Uncle Sam decided to buy some ball-point pens for his nephews and nieces as Christmas presents. The number he bought was equal to the number of new pence he gave for each. There was a cheaper variety costing 4p less. If he had bought the cheaper ones, he could have bought five more pens. How many did he actually buy?

Canine

What do you know of these dogs?

a. Flush

b. Argos

c. Cerberus

d. Boatswain

e. Mick the Miller

Equine

What do you know of these horses?

a. Pegasus

b. Incitatus

c. Copenhagen

d. Bucephalus

e. Buràq

Who or what is or was?

a. An Indian runner.

b. The Flanders mare.

c. Dutch courage.

d. An Irish bull.

e. Bombay duck.

World of Sport

What sports or games are referred to here?

a. The dedans

b. Dribbling up to the circle, he scored a goal

c. The backward finesse

d. She netted twice

e. Carried the right-hand trap.

Identify, by writing the name and letter under the appropriate photograph, these people, who in 1978 in sport . . .

a. Failed and they put the boot in.

b. Succeeded in classic style, and again, and again.

c. Became a centre of attraction.

d. Was the only one from Britain to find gold in Eastern Europe.

e. Came out tops in spite of his amateur view of things.

f. Kept Britain in the Commonwealth swim.






Topical

All these places have been in the news in 1978, but where is:

a. Silicon valley?

b. Beryl?

c. Windhoek?

d. Narita?

e. Jonestown?

Current Affairs

Also in 1978 . . .

a. Where was Princess Margaret caught in a heavy shower?

b. Why did Menachim Begin go to Oslo?

c. Why did the Shah go to Tabas?

d. Who did Mohammed Ibrahim Kamel cross a moat to meet?

People

Supply the missing names

a. Publius Virgilius ....

b. Percy .... Shelley

c. William .... Gilbert

d. Wolfgang .... Mozart

e. Charles .... Dodgson

Showbiz

Who in the world of Show Business . . .

a. Plans to set them dancing on the rooftops of Kensington?

b. Reached 50 without his voice breaking?

c. Will face 1979 without being able to look to Mecca?

Classical

Give the Roman equivalent of:

a. Pallas Athene

b. Aphrodite

c. Hermes

d. Demeter

e. Zeus

Gastronomic

The palate and the kitchen

a. Anthracnose, chlorosis and phylloxera vastatrix—are all dangers that can affect what?

b. Quark, crescenza, rollot—all have a flavour of their own, but what are they?

c. If 325 is 163, what is 400?

d. On holiday he sticks to: bacaliaros, nasello or berlam, and chips. What does he eat, and which countries does he visit?

Safe and sound

Christmas week is no time for experiment. It is a time for the re-hearing of plays, performers and shows one knows and likes. It is a time for Pinero and Dodie Smith, for Stoppard and Lloyd Webber, for Tauber and Beachcomber. It is a time when the popular unashamedly ousts the rarefied. It is a time when a proper appreciation of radio's delights waits upon the digestion. And so it proved: *Rosencrantz and Guildenstern Are Dead*, *Dear Octopus*, *The Magistrate*, *Joseph and the Amazing Technicolor Dreamcoat* were all gratefully received in a state of eupeptic contentment with the mind doubly occupied decoding the signals coming from the loudspeakers on the one side, and on the other those on the newly acquired computerised Chess Challenger which has dominated Christmas this year in our family. Under such conditions critical reactions do not have their wanted purity and must perforce be a little suspect.

Let me say, however, that I felt *The Magistrate* (Radio 4, UK, Christmas Day) to be uncommonly well done in John Tydeman's production. This cleverly constructed farce

RADIO

ANTHONY CURTIS

reminds us that our Victorian forefathers possessed a talent for sheer tomfoolery in all respects as great as their passion for piety and solemnity. To put such a pillar of the Victorian establishment as a Bow Street beak in the compromising circumstance of having to appear on a charge in his own court (among dozens of other complications) was a stroke of genius on Pinero's part. In Nigel Stock's performance this toppled *figure of authority* positively oozed discomfiture. And the wailing tones of Jill Bennett were dead right for the part of his spouse who subtracts years from her age, thereby requiring her big son Cis (Anthony Daniels) to pretend he is only fourteen. I happened to see this play when I was not much older than Cis, with Harold Lang in that role and Denys Blakelok as Poskett, and I pay the radio production no mean compliment when I say that I laughed as much this time round as I did then.

I was around Cis's pretended age when *Dear Octopus* was first performed in 1938 but somehow, alas, I failed to get to it, and know the work only from nostalgic revivals. It had every chance to prove its staying power in David H. Godfrey's production (Radio 4 UK, December 23) with such talents as those of Gwen Frangcon-Davis and Robert Harris as the married couple about to celebrate their golden wedding and Lisa Harrow as the wife's desirable companion. Here was middle-class England with its strong dynastic sense just before the barrage balloons went up, minutely observed right down to the last place-setting. Surely the structure of it influenced Eliot's *The Family Reunion* which came on the following year?

Both *Rosencrantz* and *Joseph* are too recent to require reappraisal. Suffice to say that both took to the air gracefully enough but not entirely without difficulty. In spite of some re-writing and tailoring by the author you do really need to see both Rosencrantz and Guildenstern for the switch from Shakespeare to Stoppard to work effectively; as for Joseph with Paul Jones in the title role it was fine—all three times—but I felt the narration by children and the interminable sung credits to be a mistake.

As this is my last radio review of the year I suppose I really ought to find some trends. Radio is so continuous, so ubiquitous a medium now that this is difficult. Clearly local radio, both BBC and ILR, will become more and more a feature of our listening lives. In network the recent wavelength changes seem to have significantly increased the audience within the UK for the excellent World Service news and information programmes. On the entertainment side in 3 and 4 the output is colossal but the aim often haphazard. At the receiving end I have a sense of constant opportunism rather than any serious long-term *programme-fashioning*, of too many ideas chasing too few studios. Chat shows proliferate like wood-ash but the one-time neglected radio feature (on anything from hypnosis to Harley Granville Barker) has proved itself to be a glorious bloom flowering constantly in the most unexpected locations. As for the broadcaster of the year, if such an award were to be made, I would give it unhesitatingly to Sir John Gielgud for his brilliant series of off-the-cuff recollections, *An Actor In His Time*.

Geoffrey Chard, Gregory Dempsey and Lorna Haywood — Leonard Burt

The Adventures of Mr. Broucek

Janacek's *The Adventures of Mr. Broucek*, brought at last to an English premiere by the English National Opera at the Coliseum on Thursday, is an absurd opera full of wonderful, surprising music, entertaining and touching in spite of dramaturgical peculiarities. It might be described as two absurd operas, connected by musically strong if dramatically slender threads. Janacek used for the basis of a libretto cooked up by several hands two satirical novels by Svatopluk Cech about dream-excursions suffered by a prosperous petit bourgeois of Prague at the end of the last century who gets drunk (as usual) at his favourite pub and is transported in his fuddled imagination first to the Moon, then to medieval Prague, at the time of the Hussite Wars.

The Moon act (the "excursions" of the original title have become "adventures" in the late Norman Tucker's English translation) gave Janacek and his several librettists much trouble. The Prague act on the other hand went easily and quickly. Yet the curious thing is that the former has more of the intensely individual kind of writing we know from the post-*Broucek* operas—terse, lapidary, pungent, initially disconcerting. Both acts are filled with sudden musical delights which must be snatched quickly: nutty phrases blossoming into lyrical ones, touches of colour which in other hands might be banal but in Janacek's sound new and right — harps, solo violin, and in Kunka's lament for her slain father an organ.

With masterly musical direction by Charles Mackerras and a production by Colin Graham

OPERA

RONALD CRICHTON

that avoids most of the work's pitfalls, the ENO makes a strong case for *Broucek*—Thursday's audience was conspicuously friendly and happy. Not everything comes out right. Some of the Moon act and the preceding prologue outside the inn suffer from an excess of gesture, movement and arm-waving that justified Mr. Broucek's tetchy epithet "angry bluebottles."

The producer is not entirely to blame here. No staging of this opera could entirely disguise the fact that the satire backfires. Broucek himself, an obnoxious Little Man, bowler-hatted and carrying an English-looking umbrella, sums up everything most dislikable about materialistic, unimaginative Philistines, yet he is not much worse than the pretentious aesthetes on the Moon and wins some sympathy even in his inglorious cowardice during the battle for Prague.

Gregory Dempsey makes Broucek determinedly nasty but crafty and impudent as well—a Schweik—figure with a gift for self-preservation. There is not room in Broucek's music for much lyricism, and Mr. Dempsey was rightly concerned before everything to get his words across (difficult in Janacek however good the translation because the vocal lines are geared to very different sounds and intonations). Lyricism however comes in plenty from Lorna Haywood as the girl in various guises (Broucek's neighbours and cronies at the inn recur in *his dreams*) and from Henry Howell as her young man. Miss Haywood's excellence as a singer of Janacek is well known. The young tenor Henry Howell has been coming on for some time—in Broucek he makes a leap forward, sending out phrase after phrase of tone excitingly firm and well-rounded.

Others playing multiple roles are Geoffrey Chard, Bryan Drake, Marilyn Hill Smith, Jean MacPhail, Niall Murray, Ashton Smith, Stuart Kale. Most of these were at least partly successful in getting their words across Janacek's disruptive orchestra. The only important character apart from the protagonist confined to a single incarnation is Cech himself, the author of the *Broucek* novels, whose improbable appearance *in a vision in the Prague act* is one of the things only Janacek could have brought off. John Mitchinson sang him finely.

The designs of Peter Docherty (excellently lit by Nick Chelton) are on the whole a success, notably in the inn set and the handsome projections for the Prague act. The Moon, presumably seen through the unclear and unreceptive eyes of Mr. Broucek, is muddly, but even here Mr. Docherty contrives to make the art-object paraded for Broucek's benefit by the artist Rainbowbrush (Arts Council bursar, no doubt) and of course rejected by him, rather pretty.

The real reason for going, though, is not the spectacle, however diverting, certainly not the dramatic content, but the music, so ably done here especially by conductor and orchestra. The quiet end of the first act, after Broucek has been disentangled from the Prague lamp-post where he has awakened from his Moon-dream and the city is still except for the off-stage voices of the lovers, completely enchanted the audience.

Christmas Baroque

The Wigmore Hall is designating its first week of post-Christmas concerts as a "Christmas/New Year Festival." First off on Wednesday was the English Concert under it's director Trevor Pinnock, presenting a Baroque selection with soprano Judith Nelson. The pieces chosen included almost the full repertory of those lilting *pastorale* movements that sophisticatedly echo the *pifferi* tunes of the Italian mountain shepherds, considered as representing those to whom the Nativity was first announced. Corelli's concerto grosso "fatto per la notte di natale" (more formally, op 6 no 8 in G minor) ends with such a movement, its major key stealing in magically at the final cadence of a spiky

MUSIC

ANTHONY HICKS

gavotte. Here, as in the D major concerto from Handel's op 6 set which concluded the concert, the special qualities of the English Concert were most apparent. They use "authentic instruments," but there is nothing of the mannered leanness of some comparable groups. What impressed most was their sheer sonority and the fiery energy of their playing. Slow, dotted-rhythm introductions had an arresting dignity and the brilliant fast movements of the Handel were unfailingly exciting.

Was the power over-applied? Just a shade, I think. Slow movements were pressed rather hard and there was a reluctance to play a true *pianissimo* (though once or twice the group showed themselves quite capable of doing so). Slightly more relaxed speeds would also have been welcome in the Allegros of Handel's organ concerto in B flat (op 4, no 2), in which Mr. Pinnock was both director and soloist: in a couple of the many fast runs the odd note escaped even his volant digits.

The first vocal item was Alessandro Scarlatti's delightful Christmas cantata "O di Betlemme altera povertà venturosa," for which the accompaniment was rightly reduced to single strings with organ. It consists of a sinfonia and three nicely contrasted recitatives and arias, the last being the *pastorale*, in which the shepherds are summoned to pay homage to the infant Jesus. (*Regrettably* only an English translation of the text was supplied, pointlessly loose when it was not plainly inaccurate.) Miss Nelson's pure and evenly produced tones, previously heard by me only on record, were immediately engaging and the mood of each aria was intelligently caught, but the words could have been projected more pointedly. Greater eye-contact with the audience and less with the score would have helped.

The rest of the programme comprised a 20-minute chunk of excerpts from, would you believe, *Messiah*: the overture, Pastoral Symphony (of course) and three arias in which Miss Nelson seemed even less involved. Admittedly, none of the arias were quite what one normally hears—they were the soprano transposition of "But who may abide," the shorter 12-8 version of "Rejoice greatly" and the all-soprano "He shall feed"—but the differences were too trivial to justify this further reminder of so well-flogged a work. However, all sense of staleness had vanished by the time the soaring phrases of the minuet finale of Handel's op 6 no 5 rounded off the proceedings, justly leaving the abounding vitality of Mr. Pinnock's group as the dominant memory of the evening.

CHESS SOLUTIONS

Solution to Position No. 248

1 . . . NxP! and White resigned. If 2 QxN, B-B4; or 2 NxN, QxP mate; or 2 N-B4, QxR. Half credit for 1 . . . R(1)-B6 which is also very strong.

Solution to Problem No. 248

1 K-N8. If 1 . . . K-Q3; 2 N-N7, or if K-Q5; 2 NxP, or if K-B3; 2 N-Q7, or if K-B6; 2 Q-B7. Not 1 K-N7? K-Q3; 1 K-Q8? K-Q5; 1 K-Q7? K-B3; not 1 K-B7? K-B5.

THEATRES NEXT WEEK

Science fiction again at the ICA with Ken Campbell's *The Warp Course of Events* opening on Tuesday. Also on Tuesday, a belated press night of the Oxford Playhouse Christmas revue *City Delights*, whose innumerable contributors include John Cleese and Alan Coren. Way out at the Head Theatre Club in Putney, a one-man Wodehouse piece in which Edward Duke plays Jeeves, Bertie Wooster and indeed others: starting Wednesday. On Thursday at the Round House Downstairs, *It's Nothing Serious* is nothing serious, just another revue.

TV Radio

† Indicates programme in black and white

BBC 1

9.30 am Multi-Coloured Swap Shop. 12.13 pm Weather.

12.15 Grandstand: Football Focus (12.20); Racing from Newbury (12.50, 1.20, 1.50, 2.20); International Ski-Jumping 1.10, 1.40, 2.40) Four Hills *Championship*; Rugby League (2.50) Leigh v. Hull Kingston Rovers; Basketball (3.30, 4.05) The Philips International Tournament (semi-finals); Cricket: Third Test (3.50) Australia v. England (highlights). 4.40 Final Score.

5.10 The Basil Brush Show.

5.40 News.

5.50 Sport/Regional News.

5.55 Jim'll Fix It.

6.30 Dr. Who

6.55 "Oliver!" starring Ron Moody, Oliver Reed, Harry Secombe and Shani Wallace.

9.15 Starsky and Hutch.

10.05 News.

10.15 Match of the Day.

11.15 André Previn's Christmas Music Night.

11.55 Weather and Close.

All Regions as BBC-1 except at the following times:

Wales—9.10-9.30 am Bobol Bach. 5.50-5.55 pm Sport/News for Wales. 12.15 am News and Weather for Wales.

Scotland—4.55-5.10 pm Scoreboard. 5.50-5.55 Scoreboard. 10.15-11.15 Sportscene from New York plus a look back over the year. 12.15 am News and Weather for Scotland.

Northern Ireland—5.00-5.10 pm Scoreboard. 5.15-5.55 Northern Ireland News. 12.15 am News and Weather for Northern Ireland.

BBC 2

11.45 Leonard Bernstein at Harvard.

2.05 pm New Year Matinee: "How the West Was Won."

4.30 Play Away.

†5.00 Chaplin Double Bill: "The Kid" and at †5.50 "The Idle Class."

6.25 Cricket: Third Test, Australia v. England (highlights).

6.55 News and Sport.

7.05 ELO at Wembley: Concert performance by the Electric Light Orchestra.

8.05 The Dawson Patrol.

9.20 Itzhak Perlman Plays Brahms' Violin Concerto in D.

†10.05 Jack Lemmon in "The Apartment"

12.05 Pick of the Year: Highlights from the last series of The Old Grey Whistle Test.

LONDON

8.30 am The Saturday Banana with Bill Oddie, part 1. 9.00 Sesame Street. 9.45 The Saturday Banana, part 2. 11.00 The Monkees. 11.30 Tarzan.

12.30 pm World of Sport: 12.35 Headline. 1.15 News from ITN. 1.20 British Kendo Championships. 1.35 ITV Six — horseracing from Leicester and greyhound racing from Harringey. 3.10 International Sports Special from Foxhall Stadium, Ipswich (highlights from Stock Car Racing's Home Tune Internationals). 3.50 Half-time Soccer Round-Up. 4.00 Wrestling. 4.50 Results Service:

5.05 News.

5.15 Puff the Magic Dragon.

5.43 Happy Days.

6.15 Emu's Christmas Adventure.

7.15 Mind Your Language (repeat).

7.45 The Incredible Hulk.

9.30 News.

9.45 "The Magic Flute"—The *Glyndebourne Festival* production of Mozart's opera.

12.45 am Close: An event in the early life of Christ read by Xanthi Gardner.

All IBA Regions as London except at the following times:

ANGLIA

9.05 am Cartoon Time. 9.20 The Secret Lives of Waldo Kitty. 11.00 The Princess of Tomboso. 5.15 pm Happy Days. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated" starring John Wayne and Rock Hudson. 12.45 am At the End of the Day.

ATV

9.10 am Play Guitar II. 9.35 Make It Count. 10.05 The Lost Islands. 10.30 Tiswas. 5.15 pm The Incredible Hulk. 6.15 All Star Winner Takes All. 6.45 Saturday Cinema "Battle of the Bulge," starring Henry Fonda, Robert Shaw and Robert Ryan.

BORDER

8.50 am The Saturday Banana. 9.00 Sesame Street. 11.00 The Monkees. 5.15 pm Logan's Run. 6.10 The Life and Times of Grizzly Adams. 7.05 Film: "Cool Hand Luke"

CHANNEL

12.18 pm Puffin's Pla(i)ce. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 Feature Film: "The Undefeated"

GRAMPIAN

9.00 am Scene on Saturday including Birthday Greetings and Curr Car. 9.30 Lassie. 10.00 Sesame Street. 11.00 The Beachcombers. 11.30 Joe 90. 12.00 The Monkees. 5.15 pm Happy Days followed by Area Weather Forecast. Highland League and Shinty Results. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated," starring John Wayne and Rock Hudson. 12.45 am Reflections.

GRANADA

9.05 am Make It Count. 9.30 Sesame Street. 10.30 Saturday Matinee: "Ivanhoe," starring Robert Taylor and Elizabeth Taylor. 5.15 pm Happy Days. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated," starring John Wayne.

HTV

9.00 am The Flintstones. 9.30 Ten on Saturday. 9.45 Lassie. 10.15 Batman (part 1). 10.30 Tiswas. 11.15 Batman (part 2) 11.30 Pop Spot. 11.35 Ten on Saturday. 11.40 Tiswas (continued). 12.10 pm Popeye. 12.20 Ten on Saturday. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated," starring John Wayne and Rock Hudson.

HTV Cymru/Wales—As HTV General Service except: 5.45-6.15 pm Yr Wythnos '78.

SCOTTISH

9.00 am Tarzan. 11.00 Laverne and Shirley. 11.30 Six Million Dollar Man. 5.15 pm The Mary Tyler Moore Show. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 Feature Film: "The Undefeated," starring Rock Hudson and John Wayne. 12.45 am Late Call

SOUTHERN

9.00 am Tarzan. 11.00 The Monkees. 11.30 Mork and Mindy. 12.27 pm Regional Weather Forecast. 5.15 Happy Days. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 Robin's Nest. 7.45 Columbo. 12.45 am Southern News

TYNE TEES

9.00 am Tarzan. 9.50 Cartoon Time. 10.00 Clapperboard. 10.25 Saturday Morning Film: "Zeppelin" starring Michael York and Elke Sommer. 5.15 pm Happy Days. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated," starring John Wayne and Rock Hudson. 12.45 am Epilogue.

ULSTER

10.05 am The Saturday Morning Movie: "The Ghost and Mr. Chicken." 11.30 Sesame Street. 5.00 pm Sports Results. 5.15 Puff the Magic Dragon. 5.45 All Starr Winner Takes All. 6.15 The Incredible Hulk. 7.15 Feature Film: "The Undefeated," starring Rock Hudson and John Wayne.

WESTWARD

9.05 am Tarzan. 9.50 Untamed World. 10.20 Saturday Morning Picture Show: "Countdown," starring James Caan. 11.55 Look and See. 12.00 The Woody Woodpecker Show. 12.25 pm Gus Honeybun's Birthdays. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 Feature Film: "The Undefeated," starring John Wayne. 12.45 am Faith for Life.

YORKSHIRE

9.00 am The Amazing Chan and the Chan Clan. 9.20 Space Ghost and Dino Boy. 11.00 You Can Make It. 11.30 Six Million Dollar Man. 5.15 pm Happy Days. 5.45 All Star Winner Takes All. 6.15 The Incredible Hulk. 7.15 "The Undefeated," starring John Wayne and Rock Hudson.

RADIO 1

(S) Stereophonic broadcast

‡ Medium Wave only

5.00 am As Radio 2. 8.06 Ed Stewart with Junior Choice (S). 10.00 Peter Powell. 1.00 pm Adrian Juste (S) 2.00 The USA Top 40 of 1978 (S) 4.31 Mike Read (S). 6.31 In Concert (S) 7.30-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tom Edwards (S) including 7.32 Cricket: Third Test (report) 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Kevin Morrison (S). 12.02 pm Frankie Vaughan with records (S). 1.02 My Sainted Aunt. 1.30-6.00 Sport on 2: Football League Special (1.20, 2.10, 2.40, 3.45, 4.42); Racing from Newbury (1.30, 1.55, 2.25 plus results and classified check 5.45); Cricket: Third Test (1.30, 2.10, 2.40, 5.00) Australia v. England (reports and interviews); 5.00 Sports Report. Classified Football checks 5.00, 5.45; Rugby Round-up 5.35. 6.03 Hits of Europe 78. 7.02 Beat the Record. 7.30 A Review of the Year's Radio 2 Top Tunes (S). 8.30 Syd Lawrence Orchestra (S). 9.30 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.10 Ray Moore with The Late Show (S), including 12.00 News. 2.00-2.02 am News Summary.

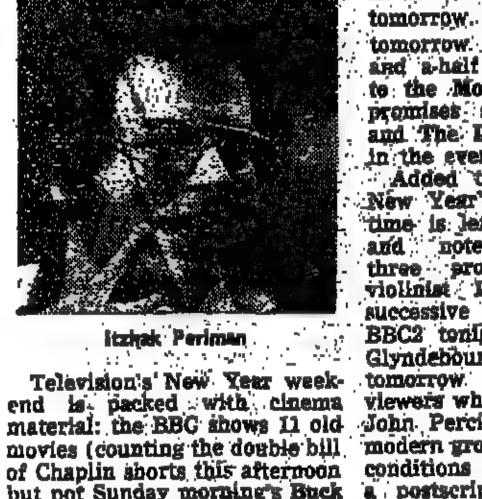
RADIO 3

‡4.55-7.05 am Cricket: Third Test Australia v. England. 7.05 Aubade (S). 7.55 Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.25 Franz Lachner concert (S). 11.00 Aeolian String Quartet (S). 12.00 BBC Concert Orchestra in Portugal (S). 1.00 pm News. 1.05 Schubertiade (S). 2.00 Man of Action: John Calder chooses records (S). 3.15 BBC Symphony Orchestra (S). 4.00 Contemporary Christmas (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.45 Violin and Piano Recital (S). 7.30 "La Boheme," opera in four acts by Puccini (S). 9.35 Stagflation or Making the Worst of Both Worlds (lecture by Professor James Meade, Fellow of Christ's College). 10.25 Great Conductors at Rehearsal (S). 11.05 Sounds Interesting (S). 11.50 News. 11.55-12.00 Tonight's Schubert Song (S).

RADIO 4

6.25 am Shipping forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 At the Turn of the Year. 9.00 News. 9.05 International Assignment. 9.30 Talking Politics. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Year (S). 11.20 Time for Verse. 11.30 Wildlife. 11.55 Spiegl on Saturday. 12.00 News. 12.02 pm Away From It All. 12.27 You've Got to be Joking says Cardew Robinson (S). 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 Bookshelf. 2.30 Saturday-Afternoon Theatre. 3.30 Does He Take Sugar? 4.00 Something Appealing, Something Appalling. 4.45 Enquire Within. 5.00 A Penny Plain and Twopence Coloured . . . 5.25 . . . And Yet Another Partridge in a Pear Tree (S). 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs—Norman Parkinson chooses records. 6.50 "Post Mortem" (play by Stuart Jackman). 7.30 Baker's Dozen (S). 8.30 Saturday-Night Theatre: "Mr. Perrin and Mr. Traill," by Hugh Walpole (S). 9.58 Weather. 10.00 News. 10.15 With Great Pleasure: Sir Hugh Casson chooses poetry and prose. 11.00 Lighten Our Darkness. 11.15 Singer's Choice (Tito Gobbi). 11.45 Just Before Midnight. 12.00 News.

WEEKEND CHOICE



Itzhak Perlman

Television's New Year weekend is packed with cinema material: the BBC shows 11 old movies (counting the double bill of Chaplin shorts this afternoon but not Sunday morning's Buck Rogers) including How the West Was Won, Oliver! and The Apartment today and The Lion in Winter and My Fair Lady tomorrow. ITV offers Ivanhoe tomorrow morning, then two and a-half hours of Life Goes to the Movies, which at least promises some new material, and The Diamond Mercenaries in the evening.

Added to all the usual old New Year's Eve rubbish little time is left for anything new and noteworthy. However, three programmes featuring violinist Itzhak Perlman on successive evenings start on BBC2 tonight; ITV shows the Glyndebourne Magic Flute tomorrow evening; and for viewers who became hooked on John Percival's series about a modern group living in iron age conditions last spring, there is a postscript telling of their return to society in Living in the Past on BBC2 tomorrow evening.—C.D.

TV RATINGS

UK TOP 20 (homes viewing m)
Week ending December 17

1	Coronation St. (Mon) (Gran)	18.25
2	Robin's Nest (Thames)	18.05
3	Some Mothers Do 'Ave 'Em (BBC)	18.25
4	Larry Grayson (BBC)	16.15
5	Wednesday at Eight (Thames)	16.00
6	Coronation St. (Wed) (Gran)	15.40
7	All Creatures (BBC)	15.40
8	This is Your Life (Thames)	14.90
9	Crossroads (Mon) (ATV)	14.35
10	Bernie (Thames)	14.30
11	Crossroads (Thur) (ATV)	14.20
12	George and Mildred (Thames)	14.05
13	Disco Championships (Thms.)	13.95
14	Muppet Show (ATV)	13.85
15	Crossroads (Wed) (ATV)	13.80
16	Edward and Mrs. Simpson (Thames)	13.70
17	Lillie (LWT)	13.65
18	Mastermind (BBC)	13.60
19	Top of the Pops (BBC)	13.55
20	Variety Club Tribute (ATV)	13.50
20	Liver Birds (BBC)	13.50

Figures compiled by Audits of Great Britain for the Joint Industry Council for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen Ratings)
Week ending December 24

1	Laverne and Shirley (ABC)	30.3
2	Happy Days (ABC)	28.3
3	MASH (CBS)	27.4
4	One Day at a Time (CBS)	26.1
5	Mork and Mindy (ABC)	25.3
6	Charlie Brown's Christmas (CBS)	24.4
7	Night Before Christmas (CBS)	24.4
8	What's Happening (ABC)	24.3
9	Barney Miller (ABC)	23.8
10	Fantasy Island (ABC)	23.3

A Nielsen rating is not a numerical total.

هكذا من الأصل

ARTS/COLLECTING

Mr. Block and ephemera

BY JANET MARSH

ANDREW BLOCK is the oldest working bookseller, and shows every sign of retaining the title for a long time yet. He keeps his birth certificate handy in his pocket, because nobody believes him when he tells them he will be 87 next birthday. He looks like a man of 60 or so, and is a good deal bouncier than most people half that age. He is in his shop in Barter Street, near the British Museum, all day and every weekday, and rarely relaxes, even for his lunch which he eats as he works. If there is a book fair on a Saturday or Sunday, you can be certain he is there before anyone else. He did once take a holiday, a couple of years ago, but spent it buying books in the West Country and Wales.

His shop is like no other, dominated by a mountain of brown paper folders which house (he says) a million items of ephemeral printing, all meticulously classified. From time to time the mountain threatens to turn into an avalanche, requiring one of Mr. Block's popular feats of strength and agility to avoid it lest "Technical and Trades A-D" became confused with "Theatre L-M" or "Circus-Oversize."

The ragged brown paper mountain might look a jumble to the uninitiated, but Mr. Block's boast is that if he's got an item he can find it in two minutes flat. When found, the desired portrait of Maud Allen or Israel Zangwill, a designer's reference for a 1925 motor car or a scene from a 1910 musical show will probably cost you 50p or £1. (In the old days it would have been threepence, of course.)

Mr. Block has been providing this incomparable service for collectors and designers for well over 60 years, and traded in ephemera before anyone even thought of the word. Interest—and his trade—have been greatly boosted in recent years, notably since the formation of the Ephemera Society, of which he is a founder member. (Information about the Ephemera Society can be had from its secretary at 12 Fitzroy Square, W1P 5HQ.)

Andrew Block — Hugh Routledge

He was born over his father's antique shop in Wardour Street on August 2, 1892. He started out as a journalist, worked for a publisher and during the First World War was in film distribution: but already in 1911 he had his first shop in West End Lane, Hampstead: "I sold penny comics for a halfpenny then." By 1920 he was in Dean Street —"a tiny little shop, not 10 feet square. Bought a library of 6,000 books once—got 'em in there somehow." Around 1930 he went to Bloomsbury Court: and in the 1950s moved round the corner to his present premises, the ground floor and basement of an eighteenth century shop in Barter Street, W.C.1.

"I've always been an omnivorous reader. Read everything." He has also been an indefatigable bibliographer. In 1926 he published the four-volume *Anonyma and Pseudonyma* ("only a pocket book really") and followed it with seven more bibliographies, of which *The English Novel 1740-1850* remains a standard work. *Block's Book Collector's Vade Mecum*, published in 1932, is itself a collectors' item now.

Entertainment looms large: he has always had the biggest stock of playbills in London for instance. "I've had lots of Garrick bills—had him with Peg Woffington. You have to be careful with Garricks though: a lot of them were reprinted in the early nineteenth century. I can always tell the difference. Have you any Paganini bills to sell me? I'll give you a good price for anything with him on."

He is a member of the Magic Circle. "Knew all the great magicians—Chung Ling Soo (his name was Robinson: his son's still a friend of mine) . . . Houdini. Houdini wanted me to be librarian of a Magicians' Club he had the intention of forming."

Mr. Block's maternal uncle was the impresario Archie de Bear, and his father was a director of the old Metropolitan Music Hall, Edgware Road. "So I met 'em all there: Marie Lloyd, Harry Lauder—I liked Will Fyffe better as an artist—Harry Tate, all of them." George Robey used to call him 'The Professor.'

From the legitimate stage, Gordon Craig was a customer and friend: so is Craig's son. "Ah, yes, young Teddy." He only once saw Irving act, "in *Becket*; and my opinion isn't worth anything. I was very young at the time. I once asked a fellow who had seen him often about Irving, and he said: 'Oh, he was all right: but I didn't like the lighting.' Didn't like the lighting—and it was done by Gordon Craig!"

Nowadays he goes more than ever to the theatre and cinema. "*I'm off to Evita tonight. Taken me all this time to get a ticket* —and then it cost six pounds. It'd better be good at that price."

Entertainment ephemera is a prominent part of Mr. Block's stock-in-trade; but by no means the only one. You can find postage stamps and Japanese prints —"used to import them direct from Japan in the 'twenties, a bob apiece."

He likes his customers and is untiringly helpful—so long as they know what they want. With every book on every shelf precisely located and catalogued, the Block system has no place for browsers. "We turn a lot more people out than we serve," he says; but that doesn't apply to serious inquirers.

When an "American dynasty" goes into the up-market art reproduction business the fur might seem bound to fly—and it has.

A Rockefeller art storm

BY CAROLE KORZENIOWSKY

A CARTOON in a recent edition of *The New Yorker* depicts a married couple of apparent means showing their living room to guests as the hostess crows: "We've redone the entire room in Nelson Rockefeller." This allusion to Nelson Rockefeller's new art reproduction business is gentle compared with most of the response that has come from the art community this winter. Hilton Kramer, the *New York Times* critic, has assailed it on the first page of the *Times* art section as introducing "a new era of hype and shamelessness in the selling of what can only be called *haut Schlock*."

The Nelson Rockefeller Collection Inc. is selling unlimited reproductions of 106 objects out of a collection of over 16,000 artworks that Rockefeller and his family have amassed over the past half century, sometimes for pennies, wherever Standard Oil business has taken them. It has opened the first of what is hoped to be a chain of stores on 57th street in New York City. Crowds of the curious peer through the windows and fill the showrooms, ogling a Rodin cast priced at $7,500, a Picasso reproduction for $650, and fondling copies of Meissen dinnerware which is selling at $675 for a single place setting.

On a recent afternoon reactions varied. One well dressed gentleman turned away from the window with a muttered epithet and the remark that "he could at least have washed the windows." Two or three people demanded loudly, and sometimes threateningly, to know when Mr. Rockefeller was arriving (the Rockefeller staff was always courteous and low-key, but the customary strong man was also very much in evidence, despite his tailored suit).

One woman was disappointed to find out it was not the Norman Rockwell collection as she had understood. Several people pulled out charge cards and one Brazilian businessman pulled out a roll of dollar bills to buy one of the "beautiful things."

Those who want to mull the matter before purchasing can buy a catalogue for $2.50. With a design by Pablo Picasso on its regal purple and gold cover, replete with colour photos of the sales items as well as views of the originals in their natural settings at four of Rockefeller's residences, it is an obvious appeal to snobbism. A letter from Rockefeller proclaims, "As life-long collectors of art ourselves, Happy and I decided to share with others our joy of living with these beautiful objects and the thrills we have experienced collecting them: we have personally selected for reproduction the objects shown in this, our first Catalog." Rockefeller has also chosen to frame all the flat work. Raising their costs substantially, rather than risk the quirks of individual framing tastes.

There are other motives involved besides altruism. Rockefeller is convinced there is an as yet vast untapped market for reproductions and he wants to get in at the top, capturing those customers who can afford the expensive. On the one hand he has to convince people to buy copies instead of real art, and on the other hand he has to beat potential competitors such as museums, or the Tupperware company which has just added art to its product line.

Nelson Rockefeller — Leonard Burt

To date he has invested about $3.5m in production and marketing. Through an arrangement with Neiman-Marcus, pioneer in sky-high pricetags on exclusive items, he has sent his catalogue to 350,000 of its customers, and is showing his wares in four of its shops. 150,000 additional names have been bought from a marketing company.

This is only the beginning, according to Rockefeller: "We're going wholesale as of January 1. At the Atlantic City Fair porcelain and specialty dealers come from all over the world and then buyers come from department stores. I think the china will do especially well. People want to see china before they buy it.

"After this range of experiences, let's say come February or March, we'll have a pretty good idea of what kind of things the public's interested in, and what is the best way of reaching them. As yet we have not explored *all* of the methods. Modern merchandising is a *very* interesting, complex business."

Rockefeller is no newcomer to the field of mass merchandising and doesn't seem to see any distinction between supermarkets and art. "I opened supermarkets in Milan 25 years ago—I had an international development company — and Milan had a Communist mayor and a Communist council. They fought it tooth and nail. Well, we finally opened after a great deal of trouble. And we reduced food prices 20 per cent in Milan. Then we went in and we made pasta and we sold ice-cream and they said that was crazy. But we did a very good job, and it worked. It's the turnover."

Nor is this the first time Mr. Rockefeller has applied merchandising ideas in the art world. As trustee, then treasurer and then president in the 1930s and '40s of the Museum of Modern Art in New York City, which his mother co-founded, he pioneered a policy of charging admission, having a membership fee, publishing books and catalogues and selling reproductions. Peter Collier and David Horowitz point out in *The Rockefellers: an American Dynasty*, after Nelson, David was the next Rockefeller to take over the presidency of the museum, followed by JDR3's wife, Blanchette. The family was in an excellent position to shape the development of modern art in America, helping make the careers of artists they patronised and collected, while also establishing aesthetic trends.

This particular trend is horrifying to many contemporary artists who, unsupported by the vast media machine Rockefeller has set into motion to reach the public, must compete with the Rockefeller endorsement of sure fire "beauty." While it is easy to distinguish between a real painting with its varied textures and a photo reproduction, sculpture is a bit trickier. Rockefeller has concentrated on sculpture but has had little co-operation from living artists. Martin Bressler of the Visual Artists and Galleries Association reports that in more than half the cases where Rockefeller approached artists or estates to reproduce pieces of their art he has been turned down. The group has included Henry Moore, David Smith, Marisol and Robert Motherwell.

One leading young American sculptor, Carl Andre, asked for his reaction, charged, "the faking of works of art is a criminal act. A work of art is a work of imagination and can't be duplicated. This is an attempt to take over in the last area of our culture unaffected by mass production. All I can wish to Nelson Rockefeller is that he fail."

Rockefeller has taken the unusual step—for a reproductions outfit—of offering a 5 per cent commission on sales to either the artist or the estate of the artist, as well as accepting quality control on the reproductions. He has signed contracts with organisations representing artists in America and Europe. But for the most part he has leaned heavily on reproductions of objects from Africa, the Far East, Latin America and colonial America, in which cases the artists are anonymous.

He contends that "I can do more for contemporary artists by developing a new merchandising method and, having established the method with established art, then work them into the system, than I can by starting out with their work which I don't think would fly on its own."

An area of somewhat less controversy is Mr. Rockefeller's recent plunge into the publishing world. Also based on his ubiquitous art collection. Masterpieces of Primitive Art is the first of a series of five volumes being published by Alfred A. Knopf. Mr. Rockefeller receives an advance of $25,000 per book and 8 per cent royalties on sales.

If this were not enough, he has started his own company, the Nelson Rockefeller Publishing Co. Inc., which will first publish books for children about —you guessed it—art. They are targeted to Blacks and Hispanics. Asked about the philosophy behind the decisions he and his associates are making, Rockefeller replied: "We want to have fun, we want to deal with art which we love, and we want to be a financial success. If it isn't fun, we don't do it. If it isn't beautiful, we won't touch it. And if it won't fly we won't touch it."

A look at modern potters

BY IAN BENNETT

BY COINCIDENCE, two monographs have just appeared on aspects of modern British pottery*. The first, Malcolm Haslam's study of the Martin Brothers, is, in art historical terms, the more significant of the two, although *The Art of Bernard Leach*, edited by Carol Hogben, is, surprisingly, the first study of Leach's ceramics and ideas to have appeared in English, with the exception of the volumes by the potter himself.

Both were published in connection with exhibitions, Haslam's for the large selling show of Martinware organised by Richard Dennis last September, the Leach book as a result of the 90th birthday retrospective afforded the potter by the Victoria and Albert Museum in April 1977. Malcolm Haslam is well-known to collectors of 19th and 20th century art pottery and studio ceramics as perhaps the leading expert in the world in these fields and he has produced a book worthy of his reputation. He has done much original research and has placed the work of these weird Victorian eccentrics firmly in the context of their times. Not only has Mr. Haslam produced a book which will certainly make it difficult for future historians of European ceramics to ignore their work, but he has also written a monograph which it is impossible to imagine ever being superceded.

The Martin Brothers themselves, Robert Wallace, Walter Fraser, Edwin Bruce and Charles Douglas, the first three the potters and the last the sales manager, may be described as the first studio potters in England; indeed, only one other Victorian ceramist, the aristocratic amateur Sir Edward Elton, can be described accurately as a studio potter.

In the 20th century, the concept of the studio potter has been fully described by Bernard Leach himself in his famous *A Potter's Book*; essentially he is characterised by his ability to control all the processes of manufacture, from the building of the kiln, the digging of the clay, and other materials for the manufacture of glazes, and the gathering of fuel, through throwing, decorating, glazing, firing, and even retailing. One of the main guiding forces behind the rational of the studio potter would appear to be his total independence of *commercialism*—whether it be the influence of commercially viable taste or the industrial processes of manufacture.

It has to be *said* that these are ideas which are being challenged with increasing force by a younger generation of potters, and in the teaching of many leading art schools, principal among which is the ceramics department of the Royal College of Art. The automatic rejection of industrial processes has come to be seen as an unnecessary anachronism, and by no-one more influentially than Lord Queensberry, head of the ceramics department of the Royal College, who has made an eloquent case for the young potter, whatever his future ambitions, learning thoroughly the craft of the ceramics industry. It is arguable that for many studio potters of the Leach school, the processes of manufacture have become more important than the results of those processes, the pots themselves.

FT/SOTHEBY

REVIEW OF THE ART MARKET

Malcolm Haslam's study of the Martin Brothers can be read and enjoyed on many different levels. Although aimed at the specialist, it is nevertheless, a fascinating and amusing biography of four very odd people. Haslam writes well in an economic style and for the specialist, it is unquestionably the most important and detailed account of any aspects of studio pottery yet published and, in its depth of scholarship, must serve as a model for all prospective writers of such books; it is also lavishly illustrated, an essential requirement for any art book, although one which, presumably in the *interests of economy, is often* ignored by publishers.

In the pottery of the Martin Brothers may been seen all the myriad ideas and styles which enriched late 19th century Victorian art. Robert Wallace, the eldest brother and founder of the pottery, had worked as a sculptor's assistant on the new Houses of Parliament. Throughout his life, the principal stylistic influence behind his work was the Gothic revival, although in his many grotesque animals and birds, creatures for which pottery is now most widely known, there can also be detected a strong element of bizarre whimsy probably derived from Edward Lear and Lewis Carroll. Early in their careers, the Martins were also influenced by the teachings of Christopher Dresser, who expounded the theory of natural geometry, although his influence soon gave way to the arabesque fantasies of the Italian Renaissance style, the rustic naturalism of the French Renaissance Palissy style and the new, and then strange, asymmetry of Japanese decorative art.

In the last major phase of the Martin Brothers' career, during the first decade of the 20th century, the youngest brother, Edwin Bruce Martin, perfected a style the form and decorative features of which were based upon natural objects —gourds, marrows, sea-urchins, etc—but so abstracted as to form a natural link between Victorian revivalism and the "*pure*" *ceramics of early 20th* century potters, who took as their main inspiration the work of Chinese potters of the T'ang and Sung dynasties. These often very tiny "gourd" vases of Edwin are for many people, myself included, among the most noteworthy and satisfactory examples of Martinware and, at their best, worthy of comparison with the best French studio ceramics of the late 19th century.

The Art of Bernard Leach is, in contrast, something of an anti-climax. Although, again, profusely illustrated, all the pots shown are selected from the 1977 retrospective which was curiously disappointing. It purported to be a representative sampling of Leach's very best work but was certainly not up to the pieces shown in the British Council exhibition of 1961, which was selected by the potter himself. Indeed, since the Victoria and Albert show, I have seen at least 20 pieces at auction at Sotheby's and Christie's (not to mention the splendid group which appeared in the Maufe sale in the country in February, 1977, before the opening of the retrospective but nevertheless too late for inclusion) which I would have thought essential to any major showing of Leach's work; many were examples of pots not represented at all in the V & A, while others were far superior examples to those on show.

The problem with the many articles which have appeared on Leach's ceramics, and a problem shared by this book, is that few writers on the subject seem to know very much about either the history of studio pottery in Europe or about the specifically British context of Leach's work (not to mention an even vaguer concept of what 20th century Japanese ceramics are all about). They tend to treat Leach as the "Great Master," the "Guru," pontificating from Mount Olympus in splendid isolation. The present book has a long, and predictably adulatory, introduction, the rest of the text being made up of snippets of Leach's own writings.

* *Malcolm Haslam: The Martin Brothers, Potters. Richard Dennis, London, £30 ed Carol Hogben: The Art of Bernard Leach. Faber and Faber, London, £20.*

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Saturday December 30 1978

Culture and anarchy

OVER 100 years ago Matthew Arnold poked fun at the Liberal Reformers of his time for their passion to allow a man to marry his deceased wife's sister. The matter had been one of controversy among English lawyers since the Reformation, but an Act of 1835 had come down definitely against. Thereafter there were almost annual attempts at reform in Parliament until the question was finally settled in 1907.

Mothers-in-law

In 1979 if Baroness Wootton —no less—has her way, British liberty will be further extended by an Act allowing a man to marry his mother-in-law. While one might feel sorry for the man who wishes to do any such thing, and even sorrier when he finds that he is prohibited by law, one must admit that Matthew Arnold had a point. It is hardly the stuff of great social or liberal reform. Nor is it immediately clear which side, if any, a Liberal should be on.

There are other ways in which Arnold's remarkably political series of essays, subsequently entitled *Culture and Anarchy*, are just as relevant today. The 1860s during which he wrote were a period of some turbulence. There were troubles with the trades unionists, not to speak of the Irish. Gladstone failed with his Reform Bill only to find that he was overtaken by Disraeli "dishing the Whigs" with an Act far more radical a mere six months later. Who now could fail to envisage at least the possibility of Mr. Callaghan somehow dishing the Tories in the general election of 1979—perhaps the one really certain event on the British political calendar next year?

Temperament

Yet the points that Arnold made were not about this or that political party. They were about them all, as well as about the natural British temperament. There was a preference, he noted, for doing rather than thinking, for detail rather than design. As early as the 1860s it had apparently been advanced that when politicians talk nonsense, they are really using "a sort of conventional language" —or what, Arnold says, we call "clap-trap"—"which is essential to the working of representative institutions." In other words, it is necessary to use unreason to appeal to the unreasoning. But, as Arnold asks with Figaro: "*Qui est-ce qu'on trompe ici?*"

There was also, though Arnold did not put it this way, a touch of xenophobia, a feeling that the British way of doing things was best merely because it was British. The distaste for theory, and in practice for thinking, was supported by *The Times*. "Art is long," said an editorial of the day, "and life is short; for the most part we settle things first and understand them afterwards." The obsession with detail came out in the arguments (*pace* today's debate about industrial democracy) about the numbers of members of official committees, how many should constitute a quorum and how often they should meet, rather than about what the committees were supposed to do.

Broad analysis

Arnold was wrong in several ways. He thought that the absurdity of the then situation was becoming so obvious that within 20 years or so it would be changed for the better, even though he acknowledged that the last bastion of resistance would be the House of Commons. Sooner or later, people would begin to think before acting. It did not happen. He was also spectacularly wrong on the remedy for rioters. "As for rioting," he quotes his father, Thomas, with approval, "the old Roman way of dealing with that is always the right one: flog the rank and file, and fling the ringleaders from the Tarpeian Rock!" Surely they, too, could have been encouraged to think.

Yet, despite such an occasional gross aberration, the broad analysis is right and remains pertinent to this day. There is too little thinking and too much action, and the politicians and those who serve them are among the main perpetrators of the crime.

Comfort

The fact that we are now governed, however, by what Arnold would have called a mixture of the Philistines and the Populace should not distract attention from the need to concentrate on the best that has been thought and said in the world. We might even draw some comfort from the following remarks: "We have not won our political battles, we have not carried our main points, we have not stopped our adversaries' advance, we have not marched victoriously with the modern world; but we have told silently on the mood of the country, we have prepared currents of feeling which sap our adversaries' position when it seems gained, we have kept our own communications with the future."

Arnold was speaking about Oxford. Looking to 1979, it is just possible that something of what he said is beginning to apply to Britain.

1979 ECONOMIC OUTLOOK: The World

What the forecasters do not foretell

BY ANTHONY HARRIS

EVER since the great OPEC oil price increase of 1973, an event which was contained in no statistical forecast whatever, it has seemed wise to read conventional economic forecasts as a sort of pipe dream —how the economy would develop in a world which was, in a non-economic sense, event-free.

There was an interval when the statistics themselves went wrong. Private saving, according to past experience, should have fallen; instead, it rose everywhere to unprecedented heights. Then new definitions of normality were fed into the computers, and forecasts became reasonably reliable again. This year, however, we seem to be getting back to the world of fantasy.

This thought is inspired by a quick reading of the OECD's version of the world economic outlook for 1979. It is clear, coherent, and yet seems to bear only a distant resemblance to reality as we know and largely fear it. It is as if the forecasters in Paris had read all the statistics in the world, but none of the news. The point is that disruptive or unusual events, while they may be impossible to forecast statistically, are by no means impossible to foresee.

For example, the increase of the oil price in 1973 had in principle been foreseen by a number of people—not only the green-earthers, but a serious study team from Japan which visited most of the countries concerned as early as 1969 and discussed the coming of a shortage. The imminent danger became visible to oil men when the Libyans got away with a sharp unilateral increase in 1971. The further danger of a new Middle East war, which would drive the quarrelsome Arabs together, was clear. A military planner no doubt had a contingency plan. Not the economists.

When we start looking forward to 1979, oil is again a large question, if only because of the troubles in Iran. The forecasters in Paris, bless their hearts, assumed an oil price increase of 5 per cent, admittedly before the OPEC meeting. But Iran already was visibly and dangerously unstable. Even last week, in presenting the report, the OECD forecasters assumed that the new OPEC price would be the price at which oil would be traded: in fact, of course, it is at present trading well above official prices.

No more economist, of course, dare forecast how Iran will resolve its internal problems; but it is not safe to ignore what you cannot forecast. The Shah, his generals and his opponents will have an important role, for good or ill, in the economic record of the coming year.

This thought would certainly be fervently endorsed by international bankers. Financial crises are another factor which it is apparently difficult to fit into a forecasting equation; but even before the Iranian troubles, the Eurodollar markets were beginning to experience a nasty combination of vertigo and *deja vu*. The trouble, as Mary Campbell recently explained on these pages, is simple and familiar.

As long as the market is flooded with liquidity, it is only too easy to get away with a good deal of sloppy lending; and the benign neglect of the dollar in recent years has provided that flood of liquidity. This year benign neglect may have had its come-uppance, and the U.S. authorities, in spite of their denials, may take some serious steps to check the flood and the consequent decline. (There is little in the OECD discussion, by the way, to suggest that a weak currency is essentially a monetary phenomenon, like a weak balance of payments).

One possible result is what happened in Britain in 1973, when determined action to check idiotic lending produced the worst banking crisis in working memory. (Such crises seldom recur as long as their survivors remain active in banking). It is not a certain result, but possible; and the fear of the possibility is already making lenders much more cautious. The troubles of the authorities in Cleveland, Ohio—again raising disquieting echoes from the recent past—show that caution in lending is another way to provoke a crisis.

Non-existent margins

If we are lucky, it will simply be an unprofitable year for the bankers involved, as they scramble for the business of any sound borrowers even at non-existent margins in an effort to improve the quality of their books. Such a year is not a good year for trade growth, which usually rests on more confident lending; but it need not be disastrous. It is also comforting to remember that central bankers are rather more soldierly than forecasters. There are some contingency plans.

A shaky Eurodollar market, a shaky throne in Tehran, and a higher oil price are all clearly bearish for the dollar; but there are compensations. One is the other side of the tight-credit coin. A slowdown of lending in the U.S., which was in fact already under way because of the fact that the U.S. banking system is becoming fully stretched, is likely to have quite a dramatic impact on the U.S. balance of payments. That is reflected in most forecasts, but could be understated, for two reasons. One is simply that most forecasts understate the importance of monetary influences.

Another is one of the figures left out of the forecasts—Sir Freddie Laker. Sir Freddie, who might well be the Duke of Laker if the citizens of Seattle, Washington had the nomination, last year showed the airlines how to make money and tap a huge new market. The result is a vast boom in aircraft orders, which will raise U.S. sales by $5bn this year, just for a start. This will help both activity and the balance of payments.

However, as the OECD never tires of pointing out, a drop of net U.S. imports means a drop of net exports from some other countries (though not necessarily OECD countries — since demand for oil does seem to be price-elastic, as is shown by the consumption boom while the real cost of oil was falling steeply last year). If activity elsewhere is to be maintained, it seems, we must rely on sharply rising demand in Japan and Germany.

The logic of this seems as questionable as the forecast itself. In real terms, for example, Japanese exports were falling and imports rising through much of last year. The large balance of payments surplus reflects the appreciation of the yen; thanks to this drastic change of the terms of trade, the surplus has not been at the expense of jobs outside Japan, but inside. In less dramatic terms, Germany is in a similar jam. Their reward is reduced inflation, not rising activity.

If it were true, as is conventionally argued, that only inflation is preventing a recovery, and especially a revival of investment, then the conditions for boom in Japan and Germany would indeed be ideal; but some readers may still remember a time when falling prices (as in Japan) were associated with falling activity, and were considered a curse.

Unfortunately both these economies also suffer severe structural problems in present circumstances. Japan, with long experience of growth in double-digit percentages, is also accustomed to a very high investment ratio; an economy so balanced does not run smoothly at much reduced growth rates, but splutters, like a large engine firing on only half its cylinders. Germany is geared for less astronomic growth, but is a heavy exporter of capital equipment; it is structurally suited to respond to world growth rather than to lead it. Growth led by Japanese and German demand looks rather a myth; but the saddest consequences may well be felt inside Japan and Germany, not elsewhere.

It is true that the end of inflation in Japan and its low level in Germany, not to mention the low interest rates brought about by foreign exchange manoeuvres, do solve one problem: it is easy to finance investment with a slow pay-off. In countries still suffering from inflation, high interest rates inhibit any but quickly paying investment; that is the penalty of the non-indexation of capital markets. (Inflation and astronomic interest rates did not prevent rapid growth and large investment in Brazil, for example.)

The 'green' guerrillas

But what is this long-term investment to be? The clear answer appeared in France just before Christmas with the breakdown of the electricity system. Large investments are required in nuclear power. Unfortunately, however, this is considered environmentally dangerous, apart from its terrorist possibilities; and in most countries nuclear programmes are impeded or blocked by the "green" guerrillas.

This has been a major reason why planned programmes of public investment have simply not been carried out, most obviously in Germany, in recent years. With referendum stopping a nuclear plant in Austria, resisters camping on site in Scotland, endless arguments over non-proliferation, there seems no reason to suppose that progress will get easier.

For the slightly longer term, the lack of investment in many countries even in conventional generating capacity is beginning to look a serious threat to future growth. In the U.S. the public utilities seem to have missed out very largely on the growth period, and some economists are talking of a "brown out" within a couple of years or so.

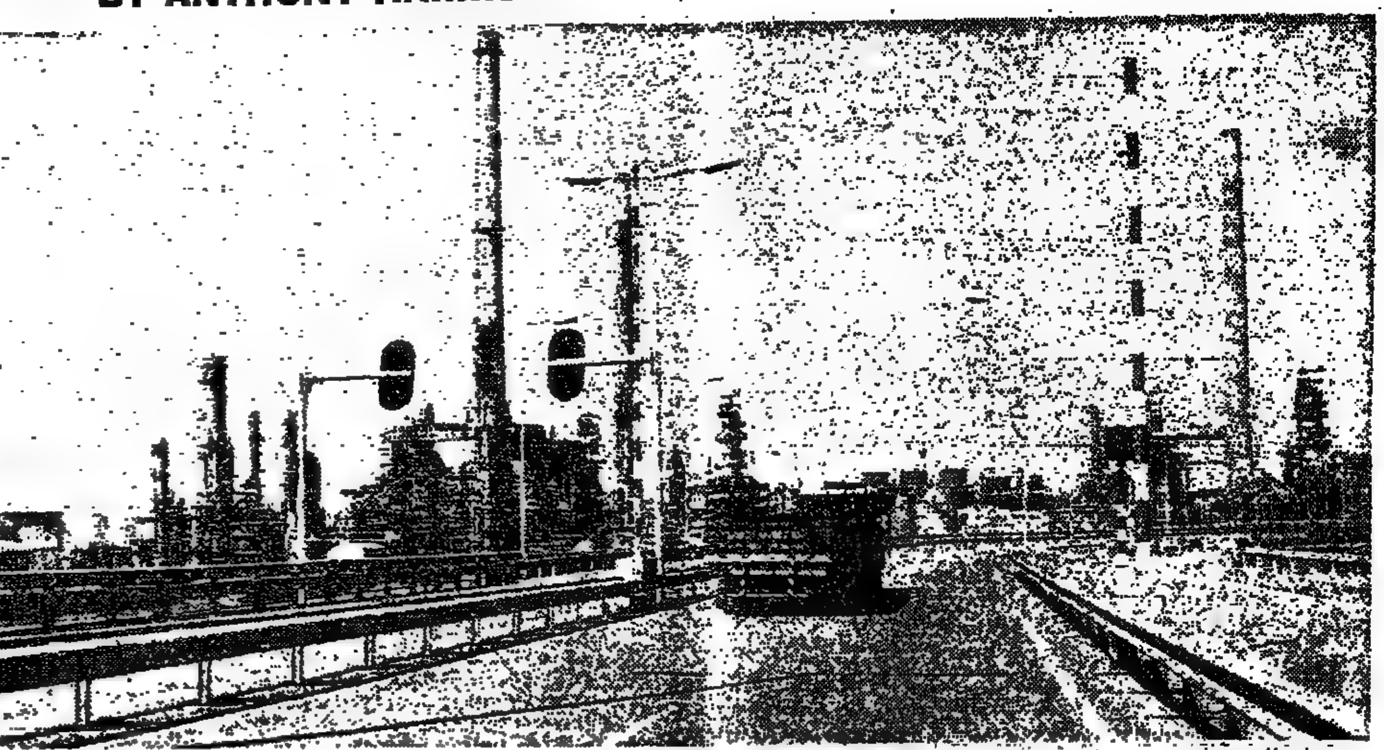
In other countries (except perhaps France) the situation is probably less critical, but it is still broadly true that the inflation set off by oil prices has apparently done more to check energy investment than to check the growth of energy demand, except in countries with oil resources. The energy branch of the OECD might profitably turn its attention to investment finance in inflationary conditions.

If this problem could be solved—and solutions are known in theory and indeed in practice—then of course energy investment is only one of the potential outlets. The technologies which could launch the next long cycle of growth are now beginning to appear as serious commercial possibilities. In a sluggish world economy, however, they appear as a threat rather than a promise.

This is one of the reasons why the business planner must also bear in mind one other important factor left out of the equations—the possibility of a serious worsening of labour relations. It appears to be threatened—by union leaders, at least—not only in Britain, but in Italy, the U.S., and even Germany, though the bark may well be louder than the bite. One fear is of disruption; another, strongly felt by international officials, is that Governments will be tempted to buy off labour protests by creeping protectionism. I would regard these long-standing threats as a great deal less pressing than those already listed: Middle East turbulence, currency instability, structural problems in the former high-growth economies, and difficulties with investment finance and planning.

This catalogue of ugly possibilities — economic banana-skins to slip on as it were — may appear both flippant and gloomy. It is not intended to be either. The point that in turbulent times, the abnormal may have a greater bearing on our future than the "normal" (but changing) patterns summed up in forecasting equations is a serious one, which businessmen seem to grasp more readily than officials.

They are also likely to have a larger influence than various recent attempts by those in authority to take control of the future, whether through price-income objectives or through the European Monetary System, which may or may not, as I write, open for business within a few days. Not quite all the possibilities are gloomy, and even disappointments may be bright for someone. As a currency dealer remarked to me of the EMS — a whole alliance of central banks ready to take his bets: "Happy days are here again." It is a brave thought.



An almost empty autobahn in early 1974 was a symptom of the world's dismay at the massive rise in oil prices at that time: oil is once again a large question

Letters to the Editor

Sermon

From Mr. A. Hughes

Sir,—I am sorry to read in Mr. Samuel Brittan's short sermon for humanists (December 27) that he found the content of Dr. Edward Norman's Reith Lectures so "bleak."

I am sure that Dr. Norman was not advocating "a theological quietism based on the hopelessness of man"; surely his concern was that the main Churches appear to be too freely equating their basic Christian belief with politico-socialist doctrines.

The first great Commandment for Christians (and for some others, of course) is not that they should be "doing good" but that they should love God and in consequence the second related Commandment regarding the love of one's neighbour would develop naturally. Belief, as St. Paul so succinctly puts it, is not a matter of talk but of power: nothing to do with political power or even mass coercion but a something inherent in each one of us as individuals, to accept or reject at will.

Anthony Hughes,
Sunny Bec,
Windermere, Cumbria.

Railwaymen

From Mr. A. Scott

Sir,—I think much of the trouble among railwaymen has to do with their ego. Senior drivers do not have the same social status as those driving aeroplanes, and senior signalmen do not find themselves on a par with air traffic controllers. He who is in charge of a train is doing a responsible job.

I agree that there should be two unions, but senior members of a number of grades should become salaried, be suitably addressed by their subordinates, and all belong to the salaried union. It is not true that everyone wants to be on a par with everyone else regardless of his or her achievements.

I would hasten to add that this is not an argument about air and rail salaries, but it is about self-respect.

A. H. Scott,
102, Beeches Road,
Chelmsford, Essex.

Managers

From the Executive Secretary, Association of Management and Professional Staffs

Sir,—Mr. J. S. Davison, the assistant general secretary of the Association of Scientific Technical and Managerial Staffs, commented December 22 on the fact that the president of the Institution of Chemical Engineers had recommended members of the institution to join the appropriate trade union. Surprisingly he commented that the unions recommended by the institution were "organisations without recognition." The Association of Management and Professional Staffs was one of the unions recommended by the institution and I think it is, therefore, desirable to rectify this implication.

Managers and professional staff in industry are increasingly becoming aware that their conditions of employment can only be improved by collective bargaining. This leads them to consider which is the appropriate union to act upon their behalf and to reach the conclusion that they need an organisation whose membership is limited to managers and professional staff in order to preserve the degree of independence which they desire. At the same time they recognise that their union will need to negotiate a recognition agreement with their employers if it is to be effective in negotiating their salaries and conditions of employment. It is these considerations which have led managers and professional staff to join AMPS, which even in the most adverse circumstances has been successful in obtaining the necessary recognition agreement from their employers.

Apart from "in-house" management associations which have registered as trade unions, to the best of my knowledge AMPS is the only union which has secured recognition agreements for senior management and professional staff in the private sector of industry. I should be pleased to modify this view if any claim for a recognition agreement for bargaining for managers was confirmed by an employer.

(Dr.) M. I. Gillibrand,
AMPS, 175 Station Road,
Swinton, Manchester.

Unions

From the General Secretary, The Institution of Chemical Engineers

Sir,—Stan Davison (December 22) commented on the advice given by the Institution of Chemical Engineers to its members concerning appropriate trade unions. Perhaps I can clarify the position. In preparing our advice the institution developed a list of some dozen criteria against which the suitability of any recommended trade union had to be judged. On the basis of this we concluded that the most appropriate unions were, within the chemical and process sector—Association of Management and Professional Staffs and within the engineering industry—EMA.

The purpose of the check list, however, was primarily to enable any member to make his own assessment of the individual situation that applies in his individual circumstances and within his particular employment situation. The final decision must of course be for the individual.

On the general question of appropriate trade unions it is most important to remember that the professional engineer, who is bound by a strict code of discipline and ethical conduct may well find that the most appropriate union is one which fully understands this situation and which seeks to avoid any conflict of interest and obligation. Any recommended union is therefore likely to have its membership drawn from the same common interest group of professional people. We believe it is important that appropriate unions for chemical engineers do not have direct political affiliation, nor should they support the concept of the closed shop.

On the question of why we have chosen this time to give advice to our members, the president's letter to all UK members and an accompanying general background article have been published as a result of specific requests from our members for guidance. It is also fair to say that our advice is based more on the realisation of the important part that trade unions play in contemporary society in such diverse matters as health and safety, pension arrangements and, potentially, industrial democracy, rather than the more basic issue of collective bargaining which Mr. Davison suggests.

T. J. Evans.
Geo. E. Davis Building,
165-171 Railway Terrace,
Rugby.

Frightening

From Mr. R. Whitelock

Sir,—Consumers like myself, searching for renewable energy heating systems, have learned from Professor Mace, quoted in your Energy Review (December 22), of an unexpected hazard.

We have experienced the sensation before in a metaphorical sense from, say, politicians, but to learn that "the consumer can literally be sold down the river" is, indeed, frightening.

Perhaps your correspondent, Pearl Marshall, can find out more details of this threatened return to slavery.

R. K. Whitelock,
22a Town Street,
Leeds 7.

Exports

From the Manager, The International Export Association

Sir,—We, at the International Export Association, have read with interest Mr. K. K. M. Ross's, Industrial Council for Educational Training and Technology, comments (December 21) on the proposal of establishing a British Educational Export Council. May we just say that we wholeheartedly agree that the funds involved for financing this council could be put to better use by the Institute of Exports, Dunchurch, and all the numerous regional export clubs around the country, and the Chamber of Commerce, etc.

The recommendation of a permanent resource centre designed to display to overseas visitors the skill, knowledge and experience available in Britain would seem ideal. May we further suggest that apart from London a likewise centre should be established in Birmingham at the National Exhibition Centre in order to capture the attention of overseas visitors attending trade fairs and to provide an advice centre for those perhaps contributing at exhibitions but not already in the export field.

Providing this support was available, both financially and spiritually, we would quite happily look at the possibility of a council or committee designed to co-ordinate the activities of all concerned with exporting technology in education and training. We believe that with these ideas in mind in-depth discussions should take place immediately and make ourselves available as participants.

I. A. Younger.
P.O Box 1,
Bourne,
Lincolnshire.

Zinc

From Mr. R. Lyne

Sir,—Chris Dunkley's perceptive analysis of the "Voyage of the Beagle" (December 20) was only marred by his cynical reference to whether this fine TV production would win an award in the form of a "zinc stoat or two."

In trying to get a bizarre description for these doubtful show-biz accolades, Chris unconsciously got it right technically, for if one wishes to cast a stoat in metal, it is only zinc alloy which will give the finest detailed reproduction of the hairs of a stoat.

Mr. Dunkley, however, would have had a rough Christmas without zinc — no car door handles, windscreen wipers, wing mirrors, or distributor on his car. If he flees indoors, no washing machines, no central heating, no food mixer. For the children no Dinky toys and Corgi cars. And so on, in an unending list.

No, Mr. Dunkley, you got your values mixed up. Choose gold, man, if a fairly valueless metal in our lives.

R. K. B. Lyne,
Australian Mining and Smelting Europe,
P.O. Box 237,
1, Redcliffe Street, Bristol.

Carafes

From Mr. B. Jamieson

Sir,—I was interested to read Brigadier Chessbyre's letter (December 20) and concerned to learn that carafes of wine in sizes of ¼, ½ and 1 litre are becoming rarer in this country.

The Weights and Measures (Sale of Wine) Order 1976 restricts the sizes of carafe measures to just the ones the Brigadier mentions and in addition 10 fluid ounces (half a pint) or 20 fluid ounces. A restaurant must tell you what measure is in use if asked.

In fact a pint is rather over half a litre so the authorised amounts should be of just the right amount. In fact there is a very reasonable steak restaurant in the NW district of London where the brigadier lives which advertises its carafe wines as litres and half-litres.

It appears that the consumer must be more diligent and if more people insisted on knowing the amounts served (and brought it to the notice of the appropriate authorities if not within the regulations) then the brigadier's complaint should become a thing of the past.

I should like to add that I feel that restaurants should offer some of their better wines in this way. Plenty of people like a chateau claret for example but do not want a whole bottle; and half bottles are becoming a rarity.

B. G. W. Jamieson,
13, Rustwick,
Tunbridge Wells,
Kent.

هكذا من الأصل

هكذا من الأصل

1979 ECONOMIC OUTLOOK: The United Kingdom

Difficult scenario for election year

BY PROFESSOR JIM BALL

PRIVATE forecasters seem broadly to agree that, in the last quarter of 1978, the real gross domestic product will be something of the *order of 4 per cent higher in* terms of 1975 constant prices than a year before, reflecting a faster rate of economic growth than we have seen since since the boom of 1973.

It is a year in which to be even more careful than usual with the statistics. Thanks to North Sea Oil the new figures based on 1975 prices can, at a stroke, raise the growth rate compared with the old 1970 figures by up to 1 per cent. But even on the old basis there is something to be thankful for as compared with recent years. *That is the good news.*

However, there seems to be equal agreement that, with "unchanged policies," the annual rate of real growth will slow down into 1979 as the stimulus to the growth of real incomes and consumer spending given by tax reductions wears off. The latest official published forecast from the Treasury is more gloomy in this respect than are the private forecasters, which seems in part to stem from its assumption that the rise in money earnings will be closer to the expressed Government target than the more sceptical *views of the outsiders.*

The outside forecasts of higher earnings raise doubts as to whether on present policies the Government borrowing requirement will not be higher than the Government expects, *that the inflation rate will not* edge up again, and that the current account of the balance of payments will be as good as hoped for. In some cases, the private forecasts show a small deficit for the year as a whole.

On balance, the scenarios presented by the outsiders suggests some modest pressure on the exchange rate and a fall of perhaps 4 per cent or so in the trade weighted exchange rate index by the end of the year. But if the inflation rate can be contained within single figures for 1979, the overall look for *the year is distinctly better than* the experience of recent years, even if on a number of counts it will not be as good as many would like. There will be no material reduction of the rate of unemployment, progress towards a persistent reduction of the rate of inflation is likely to be halted and, on the company front, profit growth is likely to be reduced.

There will be no scope for any expansionary fiscal policy. Indeed if the stabilisation of the exchange rate is to be a central objective—whether as part of the general fight against inflation or as part of a longer term attempt to become a full member of the EMS—European Monetary System—the prospect is for a need further to reduce the borrowing requirement in order to bring fiscal and monet*ary policy in line* with exchange rate policy. A tighter fiscal policy may be needed both to maintain exchange rate stability and as a prerequisite to reducing interest rates from their currently high real levels.

Taking into account likely developments in the world outside, there would seem to be general agreement that, on both current domestic and international policies, the growth of real output in the UK is unlikely to result in any material reduction of the rate of unemployment over the next five years. The extent of the problem is not agreed, and there are different views why it will persist. Even if the reasons were agreed, the forecasting problem is not easy.

The future course of unemployment depends *inter alia* on the prospective rate of growth of total demand, the underlying rate of growth of productivity and the *behaviour of the labour* force. For any given rate of increase of total demand, the subsequent effects on unemployment are often calculated by projecting the growth of the labour force and adding to that *some assumption about productivity* increase.

Since 1973 the overall rate of productivity increase has fallen sharply and it is much debated to what extent the fall is entirely due to cyclical factors or whether there has been a permanent shift to a lower long-term productivity trend not only in the UK but also in the other OECD countries. The problem is compounded by the advent of the "chip" and speculation as to its consequences for the 1980s. The calculations as usually carried out are extremely sensitive to small changes in the assumptions. As presented by the Cambridge Economic Policy Group and the National Institute, the most likely consequence would seem to be that unemployment on present policies could rise substantially into the 1980s. The National Institute recently concluded that, with "plausible assumptions," the level of unemployment could reach 2m by 1983.

A key difficulty with such calculations, however, is that they effectively ignore the interactions between such variables as productivity growth and participation rates and the existence of any market forces that might serve to mitigate the consequences of rising unemployment, and the feedback effects of unemployment on both. Five-year forecasts from the London Business School, while agreeing that unemployment will continue to run at historically high levels and perhaps a little higher than at present, are relatively more optimistic.

The unemployment problem highlights a debate that is at the centre of medium-term policy considerations: the interaction between the rate of unemployment and inflation. For much of the postwar period, there was a belief that, with lower unemployment, inflation would be faster and with higher unemployment it would be lower. In some sense there was a "trade-*off*" between the two. *Inflation* and employment represented alternatives. It was as if variations in the rate of unemployment "caused" variations in the rate of inflation.

Unemployment

However, in recent years there have been shock changes in the terms of trade. Inflation has reduced company profits and damaged balance-sheets. Inflation has raised the proportion of disposable income saved thereby reducing real consumer spending as people have also tried to restore the real value of their savings. These influences all point to the other direction. Unanticipated shifts in the rate of inflation can affect unemployment as much, if not more, than the other way round. The higher the unanticipated rate of inflation, the greater the impact on jobs in the short run is likely to be. In consequence, stabilising the inflation rate plays an important role in stabilising both employment and real demand.

Available medium-term forecasts seem to suggest that, on present policies, inflation is going to remain uncomfortably high over the next five years, probably at around 10 per cent. Over the same period guesses about inflation in the major industrial countries seem to average around 7 per cent. On the basis of these figures, there would seem to be scope for further encouraging demand and employment by reducing the inflationary pressures on export competitiveness and corporate and personal real spending.

With an inflation rate of about 10 per cent and a real output growth of something of the order of 2.5 per cent over the next five years, the additional benefits of North Sea Oil should enable the balance of payments to remain more or less in balance. The balance is, however, an unstable one and conceals a continued forecast deterioration of the non-oil component of the current account. Improvement in that respect depends obviously on real factors such as productivity and *non-price competitiveness* and our ability to increase value added in manufacturing industry by increasing the technological content of the industrial product range. But it also depends crucially on controlling *and reducing the inflation rate* with important effects on both the current balance and on real output and employment.

Thus the current debate on inflation policy is not narrowly confined to the issue of inflation for its own sake—whatever its undesirable social side effects—but is central to any medium-term economic strategy.

It is foolish to suppose that incomes policies are a substitute for effective fiscal and monetary policies in controlling the rate of inflation. The behaviour of average money incomes interacts with the behaviour of the monetary aggregates in determining the exchange rate, the inflation rate, the balance of payments and jobs. More people now believe that control of the monetary aggregates has a major effect on the rate of inflation. The monetarists believe that this influence is exerted directly on prices. The international monetarists believe that monetary growth relative to that of other countries influences the rate of domestic inflation primarily through the exchange rate. In neither case is it *believed* that holding incomes down by statutory or voluntary means can contain inflation if monetary expansion *is "excessive." This does not* mean that there is no role for incomes policies to play. In times of crisis temporary incomes policies may be necessary as part of the process of breaking a chain of inflationary expectations. In more settled times incomes policies—in the form of persuasion concerning the size of claims for money incomes—may play a role in reducing the degree of unemployment and reducing the impact on output and employment associated with a given degree of monetary restraint *that may be necessary to* stabilise the rate of exchange and reduce price inflation.

But the arithmetic must add up. The apparent failure of the 5 per cent limit and the common private sector forecasts of increases of average earnings of some 12 per cent stem in part from the fact that a 5 per cent limit on incomes is not consistent with the monetary and fiscal stance already in operation, nor with the belief that, on current policies, there will be some downward movement in the exchange rate in 1979. The present danger is one of backlash in that anger at the 5 per cent limit may produce settlements in excess of *those that would have been* freely negotiated within the Government's present monetary and fiscal stance. Unless the consequences of excessive income claims within a given monetary target are better understood, the costs of controlling the inflation rate in terms of employment and output will be that much greater. To the extent that there is effective persuasion to reduce those costs—and this is called an incomes policy—it is supportable. To the extent that it embodies percentage norms and industrial sanctions as a substitute for effective fiscal and monetary policy, it is not. Without such effective policy there is little hope of reducing inflation rates during the next five years much below the rates that are commonly forecast in most medium-term assessments.

The Chancellor's room for manoeuvre over the next 12 months is dictated by both internal and external factors. The *faster* the outside world grows, the faster we can grow. On balance, the rate of growth of the OECD countries next year may be a little faster than most countries with a slowdown in the U.S. being offset by some faster growth in the rest of the *OECD. But this is unlikely with* present international policies to present any major increased opportunity for the UK to expand any faster than the current forecasts.

On the contrary, most of the signs look the other way. There is a view that, with present policies, the Government's borrowing requirement will be inconsistent with the avowed objective of sustaining a stable currency.

If this is the case, budgetary policy will call for fiscal contraction rather than expansion, which would reduce the rate of growth in the shorter term. The fight against inflation is moving into a new phase in which *monetary and fiscal policy* will become the chief weapons. An unlikely scenario for an election year, maybe, but nonetheless a serious consideration *if* inflation is to continue to be seen as the major economic enemy and if the prospect of joining the EMS as a full member is to be a real one.

Professor Ball is Principal of the London Graduate School of Business Studies.

Good news from the North Sea, but the Chancellor faces problems about economic growth

ECONOMIC PROSPECTS TO END 1980*

	1978	1979	1980
Gross Domestic Product (compromise estimate 1975 prices)	4.0%	2.7%	2.5%
Consumers expenditure (1975 prices)	6.5%	3.0%	2.0%
Consumer prices (per cent change)	8.0%	9.5%	10.0%
Money supply (sterling M3)	13.5%	14.0%	15.0%
Effective exchange rate (1970=100)	62.5	60.0	58.0
Borrowing requirement (£bn)	8.0	9.0	9.5
Current account of the balance of payments (£m)	—	+250.0	+500.0

* Notes

(i) Percentage changes represent the increase of the final quarter of the year over the final quarter of the previous year. The effective exchange rate is the forecast index for the first quarter of the year. The borrowing requirement and the current account of the balance of payments are the forecast totals for the calendar year.

(ii) The forecasts given are based on recent published estimates by the London Business School and the NIESR. They are not precise averages of the two sets of forecasts. The forecasts assume the continuation of "existing policies."

The United States

Conflicting evidence

By PROFESSOR PAUL SAMUELSON

MOST AMERICAN experts now take the view that 1979 will be a year of mild recession. The same analysts doubt that the rest of the world need follow the U.S. in contraction. Why this recent change of opinion? *What uncertainties might upset* the projections of our consensus forecasters? How does one make best guesses for 1980 and the intermediate term outlook? Here is my interpretation of the conflicting evidence bearing on these hard questions.

This year has been a fairly good one. True, U.S. real growth in the year itself did not live up to the official Carter Administration forecasts of 4½ per cent. But then private forecasters of the type I quoted a year ago in these pages had expected the third year of our *post-1975 expansion to fall some*what short of the official target.

Where most economists went wrong was not so much in their production and employment estimates, as in their estimates of inflation. Acceleration of U.S. inflation, to the brink of two-digit annual percentage rates, caught most economists off guard. Special factors are causing food prices to soar. More ominous is the seeming tendency for money wage rates to rise, far outstripping the rate of productivity improvement, and at rates unlikely to be absorbed out of profits with prices unchanged.

All this occurred in 1978 even when the rate of unemployment was still in the neighbourhood of 6 per cent, and while overall measures of plant capacity utilisation still showed a comfortable margin of around 15 per cent. The velocity with which our system has been eating into its slack may have been a factor making for inflation even while that slack was still fairly considerable. I use the tentative words "may have been" because some conserva*tive economists have been offer*ing the alternative hypothesis that the "natural rate of unemployment of the American economy," the critical point at which our inflation tends to accelerate from whatever high or low level it has attained, is at a much larger degree of overall slack than used to be the case before the OPEC explosion and the mid-1970s deterioration of productivity.

Despite the end-of-year flaring up of inflation, I must emphasise what a vigorous recovery the U.S. has *enjoyed* since March 1975. This is in refreshing contrast to the lacklustre performances of the German, Japanese and other OECD countries. Our recovery will be 50 months old when the expected 1979 recession arrives. This makes it a Moses-like recovery in terms of longevity, even if it falls short of the Methuselah-like quality of the Kennedy-Johnson 1960s expansion.

When your read some banker's editorial on the profligacy of American economic policy, reflect on how many millions of *women we have found jobs for,* how many legal and illegal immigrants have been put to work since 1975, how far our production index has surpassed its 1973 peak. Then glance at how employment has actually shrunk since 1973 in West Germany, Switzerland and Japan, and how little their production indices have gone beyond their 1973 peaks. Then ask any jury not packed with bankers: which items on the menu would you pick? Those with strong balances of payments, soaring currencies, and *minimal inflation rates* or the actual U.S. configuration of real progress?

Prior to the surprise press conference of President Carter on November 1 only a minority of the consensus forecasters were predicting an outright recession in 1979. Most of them were, like me, expecting that the U.S. would experience in 1979 a growth recession, a situation in which output would grow more slowly than the 3½ per cent rate of our long-run potential, but not one in which real output would actually *decline. Mr. Carter's decision* to fight inflation and defend the dollar has tipped the betting odds toward an outright recession. So, when and if the next recession comes, you will read lettered on its bottom Made in Washington.

Professor Otto Eckstein of Harvard University, the founder and sparkplug of Data Resources, Inc., presents a typical instance. Before November 1 he thought the odds were 45-to-55 in favour of a recession next year. After Mr. Carter had promised an austere fiscal budget and joined with Mr. G. William Miller, chairman of the Federal Reserve, in a crusade of tight credit and slower growth of the money supply, DRI fixed the odds at 60-to-40 that at least two quarters of 1979 would show negative real growth. I think this is less of a dramatic shift than most people inferred from newspaper headlines and from hearing Dr. Eckstein say on television that for the first time in his life he was predicting an American recession.

Few doubt that the U.S. Government has the power to create a recession if it sets its mind to that task. Slow enough money growth, high enough accompanying interest rates, severe enough cut-backs in public spending levels: all of these can in time sap the vigour of even a buoyant natural expansion. As I read the fourth quarter symptoms of the U.S. economy, there is still considerable natural vigour in the private economy despite the fact that our recovery is completing its fourth year. Although the consumer has been piling up debt at a rate many observers consider *unmaintainable,* auto and department store sales still seem strong. House construction remains high now that it is no longer subject to cataclysmic credit rationing and despite the rises in mortgage interest rates occasioned by restrictive Federal Reserve policy.

This means, I would guess, that the Federal Reserve authorities will find themselves needing to turn the screw tighter and tighter. The public expects a miracle from the voluntary price and wage controls. Despite the histrionics of Mr. Carter's *price czar,* Mr. Alfred Kahn, even if that programme does make a marginal contribution to inflation abatement, the public will be perceiving that it has failed. Indeed, during the early months of 1979 there will be a temporary worsening of inflation in consequence of federal legislation already on the book. A higher wage tax for social security will be raising prices as of January 1. So will the stepped up minimum wage rate. As inflation hysteria begins to permeate the public opinion polls and threatens to push the floating dollar downward, who can doubt that the Federal Reserve will feel forced to limit growth in the monetary base and countenance further increases in short-term interest rates?

Inasmuch as the principal nations abroad have not enjoyed recoveries at all comparable to that of the U.S., I see no good reason why they should let themselves follow us down the path into recession. Consequently, it seems plausible to hope for continued improvement of the *American international deficit* on current account.

If the world economy remains reasonably strong by the end of 1979 when all the political forces here will be looking forward to the 1980 presidential election and reacting to the increased unemployment and economic distress inseparable from even a minor recession, analysts expect U.S. Government policy to shift from fighting inflation to fighting recession. This explains why most of them expect the next recession to be such a mild one. It also explains why they *generally believe real growth in* the 12 months prior to the 1980 presidential election will not fall below 3 per cent.

*What will such a weak reces*sion accomplish? Paradoxically, conservative economists such as Dr. William Fellner and Dr. Herbert Stein, precisely the analysts whom you would think the recession would strive to please, are now saying that so weak a recession would accomplish virtually nothing in seriously abating inflation. If markets can see beyond the valley to the hill on the other side, little change will take place in basic expectations.

The most liberal Democratic economists are inclined to agree *that the payoff in price moderation will be meagre relative to* the hardships induced for the people in the lower half of the income distribution. What history will never tell us is how much worse the U.S. inflation might have become if President Carter had never gone through his conversion into being an inflation fighter.

The table presents a rather typical *forecast,* that of DRI. What are its likely implications for Wall Street?

The projected recession is a well-advertised one. Common stock prices may now already have discounted its most unpleasant aspects. That is why one should pay some attention to a fairly prevalent view, that equity prices may rise early in the period of outright recession and not long after bond prices have started to expand. Compared with their replacement costs, the earning assets of American corporations are selling at bargain prices. What could make this optimistic view turn out to be grossly misleading would be the eventuality in which America experienced at the turn of the decade a much more serious inflation and recession than is yet dreamed of in the computers of the consensus forecasters.

FORECASTS FROM DATA RESOURCES INC.

(per cent)

Quarter	1	2	3	4
Real GNP growth*	2.0	−0.6	−0.6	3.6
Consumer price growth*	7.5	7.3	6.9	6.7
Money supply growth (M1)*	5.4	4.9	5.1	7.2
Profit growth* during previous four quarters	22	1	−1¼	1¼
Unemployment rate	6.2	6.4	6.8	7.0
Short-term interest rates (Fed. funds)	10.64	9.93	8.70	8.06
Long-term interest rates (new corporate AA)	9.49	9.30	9.22	9.11

* Annual rates

Forecasts 1979

THE VIEWS OF LEADING INDUSTRIALISTS

Need for reform

THE ABANDONMENT of pay sanctions by the Government is welcome for many reasons but not least because it compels everyone concerned to face up to economic realities. The CBI has consistently supported the Government in its efforts to reduce inflation. But the means by which the Government was seeking to achieve this end were unacceptable and would not have achieved success.

★

The reality of the present situation is that Government, unions and employers must all accept a responsibility to negotiate *realistic pay settlements which help reduce the rate of inflation. This means, as the Government has rightly pointed* out, that the majority of settlements need to be around 5 per cent *if we are to avoid making our products and services less competitive in world markets.*

★

The CBI does not believe that the abandonment of sanctions will cause a pay explosion. The evidence so far suggests that the overall increase in earnings during the current pay year should be very substantially less than last year. In spite of the excessive size of the claims so far reported to the CBI's pay Databank—many are over 30 per cent—there is, as yet, no indication that the going rate for settlements will rise substantially above 5 per cent. We have been notified of settlements for nearly a million employees and, of these, some 90 per cent are covered by settlements within the Government's guidelines.

Private sector employers will not regard the removal of sanctions as an opportunity to take the soft option. They recognise that it places upon them an even greater responsibility to negotiate moderate settlements. It is equally important that the Government should accept this responsibility in the public sector. The outcome of these negotiations—and of those private sector negotiations which follow them—will rest on the determination of the Government to stand firm and hold to its cash limits. If the Government fails in this task, it will be impossible to achieve the cuts in personal taxation in the spring Budget which we so badly need to give people improved incentives to work, to build new businesses, and to improve our international competitiveness.

★

The Government's first priority in the New Year should be to tackle the reform of our ramshackle and inefficient pay bargaining system. The CBI has already put forward its proposals as one contribution to the debate.

★

One thing we must do is to raise the level of public understanding of economic cause and effect. We must all understand that we cannot, as a nation, pay ourselves more than we earn. Our desire to have more wealth must be preceded by a willingness to work to create that wealth. If we seek year by year merely to pay ourselves more for doing the same amount of work as before, our money will depreciate in value so that we have to pay more and more for the essential raw materials and semi-manufactured goods we buy overseas. But we shall not overcome inflation or increase efficiency if every working man and woman in this country gets the same pay increase, regardless of their productivity, their ability, their skill, and their willingness to work. We must encourage a system which fairly rewards success and which does not subsidise failure. People must be given real incentives to work hard and produce more through both higher pay and lower taxes.

★

The CBI believes that an important role in this educative process could be played by an economic forum where the economic choices could be publicly displayed and debated. But a change in attitudes by itself would not be enough. We must *change our bargaining structures, reduce fragmentation and, if possible, shorten the period over which pay bargaining* takes place so as to reduce "leapfrogging" settlements.

Finally, we need to improve the balance of power between trade unions and employers. At present there is near anarchy on far too many shop floors with the strike weapon being used regardless of agreements and dispute procedures. The consequences, both to our daily lives and our international competitiveness, are appalling. One way or aonther we must find a more civilised, more efficient and less costly way of settling our differences.

SIR JOHN METHVEN

Director General of the Confederation of British Industry

Textiles

Low-cost imports must be kept within the limits set by the EEC.

By N. B. Smith, president, British Textile Confederation

FOR THE British textile industry, 1978 has again been a challenging year. The first quarter was particularly difficult, and represented the deepest point of the downturn in activity which had begun in the summer of 1977. Since then, however, the industry's production has steadily improved, in response to a rise in UK consumer spending on clothing and household textiles. In the circumstances, most company results have been highly creditable, even if sometimes less good than had been hoped.

While the textile and clothing industries continue to be one of the UK's major exporting sectors, with overseas sales of textiles and clothing certain this *year to top £2bn, we have been* hit in 1978 by poor conditions in many important markets, particularly in the EEC, where consumer spending on textiles has been stagnating. However, the fall of 7 per cent in export volume which has resulted must be seen against the background of the remarkable volume increase of 11 per cent in the same period of last year. Although we are disappointed not to have beaten last year's record level of exports, 1978 will at least be our second most successful year, and our most successful in terms of value of export sales.

On the home market, the benefits of the EEC's new arrangements for restraining the growth of textile and clothing imports from low wage countries have not yet been strongly felt. This is due, on the one hand, to the large headroom in most restraints over 1977 import levels and, on the other, to the failure of the self-regulation agreement with Mediterranean countries, whose exports to the UK have considerably exceeded the limits set, with particularly damaging effects in the cotton yarn sector.

A further feature of the home market during the year has been increased competition from our EEC partners and other developed countries. In part, this increase represents the trend to increased trading to be expected in any free trade area, and the inevitable concentration on the UK market by our competitors in the face of poor conditions in their own countries. Part is, however, also due to fashion trends favouring products, such as corduroy, where UK capacity is traditionally small, and moves are now under way aimed at increasing the industry's ability to respond to such trends.

The prospects for 1979 are, at this stage, reasonably encouraging. In the CBI/NEDO survey of opinion in the textile and clothing industries in November, 52 per cent of firms replying expected their output over the next four months to remain stable and 42 per cent anticipated it would rise. The wool textile sector was, however, considerably more cautious than the average.

The industry's performance in 1979 will be significantly influenced by factors outside its control. While there are currently signs that overseas markets may be more buoyant *during the year, the recently* announced increase in oil prices and the weakness of the dollar are causing concern. A further limiting factor remains the barriers to trade faced by our exports in almost every market outside the EEC and EFTA, in which respect the offers made by other countries in the GATT Multilateral Trade Negotiations have been extremely disappointing. If the domestic market remains fairly healthy, we shall benefit: but if a high level of wage settlements results in a consumer boom and a return to past levels of inflation, everyone will be harmed in the long run.

The industry will continue to meet the challenge of changing conditions. Since 1970, it has invested over £2bn in new equipment and buildings, and its productivity record has been substantially better than the average for manufacturing industry. Its structure is the strongest in Europe, with four of the five largest EEC textile companies. By and large, its profitability, although not satisfactory, has been better than elsewhere in the EEC. These are strong positive factors which give ground for optimism. If market conditions are healthy, and if the growth of low cost imports is kept within the limits set by the EEC, the British *textile industry can look forward with modest confidence to* 1979.

Shipping

A dull market, but we may be in sight of less troubled waters.

By R. O. Swayne, president, General Council of British Shipping

FOR THE SHIPPING industry 1978 was a difficult year. There continued to be a world-wide surplus of ships and, as a result, depressed freight markets. However, the second half of the year saw a little flurry in both the wet and the dry markets which, depending upon whether one is an optimist or a pessimist, may give an indication for the future. If the improvement is maintained, then the worst of the recession could be over. But most opinion is still extremely cautious and the level of the recent OPEC price increases is an undoubted setback. In the liner trades performance has been patchy. There has been a spillover from the difficulties in the bulk trades and overtonnaging in containerised trades is now becoming evident. Passenger ships and ferries, on the other hand, have provided bright spots in an otherwise dull market.

I am afraid we must expect 1979 to be another difficult year. There has already been a heavy drain on reserves and last year saw a very serious shedding of tonnage. This was partly of traditional cargo liners for which there remained no useful employment in the container era and partly because of the state of the bulk market. As one would expect in such circumstances, the order book is also at a low point. Internationally the prospect of further protectionism in the liner trades, in the guise of governmentally-agreed cargo sharing policies, gets nearer. The *UNCTAD* Secretariat, in preparation for UNCTAD V in Manila in May, *has also put forward ideas which* would provide for greater participation by developing countries in the carriage of primary commodities. This would be through artificial stimuli and meddling with the free enterprise market mechanisms. And red flag and other low cost competitors continue to face our owners with increasing problems.

Fortunately, world trade is still growing, albeit slowly, and if the momentum improves, and most importantly we have no setbacks in other areas, the British shipping industry may be in sight of less troubled waters. The two critical factors for 1979 remain how fast will world trade grow and whether, faced with an over-capacity in the shipbuilding industry, political forces will lead to the production of unnecessary and unwanted ships, some to be virtually given away on unrealistic terms.

Steel

Any rise in deliveries will be gradual and the buyer's market will remain.

By Sir Charles Villiers, chairman, British Steel Corporation

FOR EUROPEAN STEEL 1978 was the year of the dog, but worldwide it will probably prove to have been an all time high for deliveries. So there is still growth in the steel industry.

Regrettably, in Europe there was over-production, slack demand and considerable non-observance of the Davignon agreements, but the process of adjustment to the new situation was taken in hand: some companies moved closer to profit, others closer to their governments.

U.S. steel companies discovered profits behind the protection of trigger-prices. Japanese companies mothballed their surplus capacity and had to cope with an ever-stronger yen.

1979 will probably be much the same as the past year. In Europe we shall have to go on attacking over-production and other problems with vigour. We hope this will be within the *framework* of a renewed, and more effective, Davignon plan.

In Britain the home market will give little help, any rise in total steel deliveries will be gradual, and even then to levels way below the peaks of the early 1970s.

So the prospects for British steel will depend on steel producers continuing the fundamental adjustment already begun by cutting costs, getting new plant onstream, taking old plant out, holding markets by getting good, cheap feedstock for their mills and delivering high quality products on time to their customers, in what is undoubtedly a buyer's market, to which the BSC is now rapidly adjusting itself.

Motors

Stopping the strike habit is the industry's most vital need.

By Sir Barrie Heath, president, Society of Motor Manufacturers and Traders

BY THE END OF 1978 nearly 1.6m cars will have been sold in the UK. This represents a 20 per cent increase on last year and shows a healthy market and a rising demand into 1979. Investment by the British motor industry is high and sales by the component and accessory producers are strong.

Against this encouraging picture we have to note that a half of all car sales were imports, compared with under 20 *per cent four years ago.* When we have so much going for us, why is it that we are *losing half of our home market to foreign competition?* That the answer is well known and catalogued does not make it any the less stark. Through constant unofficial and unconstitutional disputes in our factories, the major British motor manu*facturers are unable to achieve* their production potential. We cannot get enough cars off the line and into the showroom.

We are doing ourselves no favours. No one is benefiting but the importer. We need long, uninterrupted production runs that will get the cars to the consumer in the numbers and range of choices to tempt him to buy. I have no doubt that British vehicles can compete successfully, if we can produce efficiently with no stoppages.

I have called for a period of industrial peace in our factories. There are bound to be disputes and disagreements, but we have agreed procedures to deal with them. Let us use them. Part of our trouble is that we have got into the strike habit. It becomes the first answer to an industrial problem. But the net result is a contraction of our industry, a loss of jobs and an insecurity that makes future investment unattractive. And so the wheel turns ever faster in *a down spiral.*

We can break out of this by stopping the strike habit. If we can get through January without a strike anywhere in the industry this would be a fine first step. If we could continue *with a hundred days of industrial* peace we should be well on the way. It is a simple formula that would cure most of our economic problems—for everyone in the industry to work a full week, a full month, a full year in 1979.

Oil

Further progress in conservation and energy efficiency is more important than ever.

By Sir David Steel, chairman, British Petroleum

THE YEAR 1978 has ended with the declared intention by OPEC to increase crude oil prices progressively throughout 1979. It is too early to say exactly what the effects of these increases will be and for this reason, together with the situation in Iran, 1979 begins in an air of uncertainty. Two things are certain: firstly that the industry will have no option but to recover these higher prices in the market, and secondly, that further progress in conservation and energy efficiency will result.

At home, there is the measurable advantage of North Sea oil which is making such a substantial impact on the UK economy. Of course, OPEC price rises add to the value of the UK's energy holdings, including oil. In addition to this economic benefit, it is worth recording that North Sea oil is now a major employer of manpower, with nearly 30,000 jobs on and offshore. BP, for example, employs about 3,000 people in connectio nwith its UK offshore operations.

Abroad, the short term holds the reality of new sources of supply such as Alaska, and the potential promise of new areas such as Mexico and possibly China. These countries have an important role in maintaing oil supply with concomitant benefit; to international energy interdependence. But, however important these areas may become locally, OPEC will still play a central role in the world economic scene.

Because even OPEC resources will diminish in the not too distant future the alarm bells about the long-term position continue to ring—from sober analyses to less rational "doomsday" predictions. The oil industry remains an aggressive seeker of new resources wherever it is permitted to operate and there is evidence that more countries, especially in the developing world, are prepared to put aside political dogma in order to take advantage of the skills and funds which oil companies can bring to the task of finding and developing new sources of energy and improving the efficiency of its use.

Perhaps the most vital message for 1979 to a consuming world is that made in concert by OPEC producers, industrial nations and the industry: energy efficiency is more important now than ever before.

Engineering

Demand for capital equipment is weak, with the emphasis on replacement rather than expansion.

By B. S. Kellett, chairman, Tube Investments

IT IS PERHAPS not surprising, though a trifle depressing, how little change there has been in the prospect for the engineering industry and in its problems since this time last year.

As I said then, the industry necessarily operates in an international market, not only because of its high volume of exports but also because of the competition from imports in the home market. In the long run a higher parity for sterling will benefit us all, but so long as inflation in the UK continues at a higher level than in many other countries the effect is to make it more difficult to compete.

Consumer spending in the UK has been relatively strong in 1978 but is now having to be restrained because of the continued high level of public expenditure. Demand for capital equipment has been weak, with the emphasis on replacement plant rather than major expansions. This seems likely to continue while there is still so much existing investment underutilised and the squeeze on industrial profits tightens under the combination of high wage demands and political and commercial pressures against price increases.

Individual companies determined to avoid joining the lame ducks have to learn to survive and even prosper despite these conditions. This points strongly away from simpler commodity products and towards more sophisticated and higher added-value products. It puts a high premium on improved production efficiency and reduced manufacturing costs and *on product design, performance,* quality and delivery. Pursuit of these objectives by individual companies, necessary for them to remain competitive internationally, points to continuing reduction in numbers employed. This leaves unemployment as an unsolved national problem which will be relieved only when total demand expands significantly. Individual companies facing up to hard decisions and seemingly exacerbating the unemployment problem in the short term can at least draw comfort from the knowledge that international competitiveness is a necessary objective also for national salvation.

This time last year I concluded as follows. "The priority the Government is giving to controlling inflation is reassuring. The depressing feature of the current industrial political situation is the continuing illusion that somehow businesses can be insulated from the judgment of the marketplace on the merits of their products. One of the most urgent needs in the current wage round negotiations and in general public appreciation of industrial issues, is a recognition that market forces are of prime importance and ultimately cannot be overridden."

We have perhaps made a little progress, but it is hard going.

Chemicals

Overcapacity and rising wage and raw materials costs are squeezing profit margins.

By Sir Raymond Pennock, president, Chemical Industries Association

IT HAS long been recognised that the chemical industry has made a significant contribution to exports and 1978 is no exception, with a record £4bn plus contributing more than 25 per cent of thet total trade surplus in manufactured goods.

It is also in the nature of the chemical industry worldwide that imports of downstream products, made from basic chemicals, deprive the UK chemical industry of significant production. For example, every imported car sold in Britain deprives our industry of about £200 sales of plastics, synthetic rubber, paint, synthetic textiles and other products. Likewise imported clothing — which includes seven out of 10 of the shirts we wear—has a much lower proportion of UK synthetic fibres in it than home-produced clothing.

These are just two examples of how the fortunes of the UK chemical industry — one of Britain's biggest and most successful—depend on the level of activity of the rest of British industry, and in turn, on its ability to grow, to export and to fight off imports.

Reflecting the overall economy, chemicals output growth slowed in 1977, reaching a trough in the first quarter of 1978. In the second quarter production recovered strongly, but in the third quarter it slipped back as the UK "mini-boom" receded. Chemicals output looks unlikely to increase by more than 2 per cent in 1978 over the previous year. On the other hand exports have risen by over 9 per cent (to October) by value and by over 8.5 per cent by volume, as foreign markets reflect a greater upturn in their respective economies.

Investment in fixed plant in 1978 in the UK is again a record and on target, at about £1bn. This massive investment programme which in the light of present trade conditions is a courageous one confirms our long-term faith in the future of the UK economy and of our industry's ability to secure a growing share of world markets.

Problems will again face us in the year ahead. World-wide over-capacity is forcing prices down while wage and raw material costs rise relentlessly so that profits which are vital to finance our investment programme for the future are squeezed still further.

The UK chemical industry has the benefit of 430,000 dedicated, hard - working employees. Together we aim to keep Britain in the top league of chemical producers and exporters, where, despite setbacks, we have remained for many years.

Paper and board

A somewhat stronger market for paper should permit the recovery of cost increases.

By D. T. Wilkins, president, Paper and Board Industry Federation

Nineteen-seventy-eight provided a strange mixture for the industry. It began as 1977 had finished, with demand low: as the year progressed, the market strengthened and one can now see it as the mirror image of 1977 — a weak start, but a healthier finish. At the year end, consumption is likely to turn out about 5 per cent higher than in 1977—but with a lot of the market growth having been taken by imports: for the first time the proportion of consumption being provided from overseas is likely to have reached 48 per cent of which a steadily growing proportion is from sources within EEC. UK production at nearly 4.2m tonnes is higher than the last three years, but after that one has to go back to 1963 for a lower figure: with an overall capacity of just under 5m tonnes, the average capacity utilisation for the year still remains in the region of 85 per cent though on an encouragingly rising trend *in the second half.*

Demand levels aside, the dominant factors of the year have been the price of woodpulp and the value of the American dollar. Held firm for too long through a recession, the pulp market suddenly collapsed in the autumn of 1977, and the strengthening pound (pulp is sold in dollars) helped even more to restore the balance between pulp costs and paper prices to a more sensible level.

The breathing space was, however, short-lived and with stocks brought under control by the producers, the pulp market has been re-fortified with an alacrity that could prove difficult for pulp buyers. The recent weakness of the dollar has, however, softened the effects on papermaking costs and it is expected that in 1979 a somewhat stronger market for paper will permit the recovery of cost increases which have been painfully absorbed during two years of virtually static prices in most sectors. In no areas is relief more needed than packaging materials and newsprint where the darker aspect of a strong pound—or a weak dollar—makes itself felt. In both sectors there is a competitive link with imported products sold in dollars, and with their dollar prices static, UK producers have found themselves subjected to a highly uncomfortable squeeze.

Exports, however are up and even though they represent only about 8½ per cent of pro*duction, their high added-value* makes their contribution to the industry's well-being—and to the balance of payments—an important one. And companies are, in general making at least modest profits, while many similar producers in Scandinavia and "old" EEC are still reporting losses. Nothing dramatic is forecast for 1979, but the industry looks forward to a further year of steady growth.

Electronics

The impact of micro-processors will accelerate from now until the end of the century.

By Sir Robert Telford, managing director, GEC-Marconi Electronics

1979 WILL SEE a quickening of the technological changes that have been with us for the past several years. The impact on our lives of microprocessors will accelerate from now until the end of the century and probably beyond, and much time and media space will be devoted during the year to arguing ways and means of facing up to the questions posed by the microchip revolution, often described as the second industrial revolution.

However these arguments resolve themselves, the industry's main impediment to quicker growth—the shortage of skilled people of both sexes—not only remains but becomes more acute each year. It will not be eliminated until the education system recognises the need to change its attitude and provides the motivation in the young to aspire to a useful life in industry. There are signs of such a change, but it must be some time before the education system can make good the effect of its lost years. The shortage of skills is acutely felt at every level but it is still most severe among those who prepare software for computers. The electronics industry will need to use every means to contain the demand on this hard-pressed group of people and do everything it can to ensure that this limited resource is deployed in the best interests of the nation while, in the face of national shortcomings, redoubling its own very considerable training effort.

An area where the impact of the microprocessor will next be felt is the "Office." In the U.S., still, the most industrially developed nation in the world, the office remains the most labour-intensive sector of industry and commerce with capital investment in automation systems being less than one-tenth of that on the factory floor.

While the labour costs are rising at a rate of between 6 per cent and 8 per cent per annum the cost of electronic automation has been falling at a rate of between 10 per cent to 20 per cent. There is no reason to suppose that the costs of automation systems in Britain are not falling very much in line with those in the U.S.—it would be encouraging *to think that the* rate of increase in labour costs could also be contained to the American figures.

With, perhaps, currency rates entering a new phase of instability, with inflation once again exhibiting early warning signs of rising and with competition in export markets becoming more intense, we will, nationally, be looking to areas of improving productivity by taking full advantage of the low cost automation systems the microprocessor has brought. The "Office" is clearly just such an area. Unquestionably, the High Street store is another.

In what promises to be a less than easy year survival through investment will tax to the full the financial resources of the industry, and in this climate to be small might, perhaps, not be so beautiful after all.

Agriculture

A substantial reduction in MCA subsidies is urgently needed.

By Sir Henry Plumb, president, National Farmers' Union

AFTER THE record cereal harvest and the reports of increased output from most other sectors of the industry in 1978, it might be expected that farmers would be entering 1979 full of confidence. Unfortunately this is not so. In general, the rise in production has not been reflected in higher farm incomes.

Production in the arable and horticultural sectors has now fully recovered from the droughts of 1975 and 1976, and with ideal weather for sowing this autumn, the initial prospects for next year's harvest are promising. The production outlook in the livestock sector is much less reassuring. UK output of pigmeat during 1978 has been consistently below corresponding 1977 levels and the small rise this year in the production of beef and veal will not be sustained in 1979: the numbers of beef cows and dairy calves reared for beef have been falling since 1975.

Despite the rise in agriculture's gross output—which incidentally, has saved the balance of payments food imports in excess of £350m this year—the industry is still not realising its full production potential. In my view there *is* no doubt that the obstacle to higher output in 1979, and in the longer-term, is the existence of a very-large green pound gap (currently nearly 30 per cent) and its attendant monetary compensatory amount (MCAs).

MCA's effectively susbidise all UK imports of the main foodstuffs falling under the Common Agricultural Policy and thus provide other EEC farmers with an unfair trading advantage and the opportunity to obtain a larger share of our domestic market than would be possible under normal competitive conditions. Moreover, MCA levies on our major agricultural exports make it very difficult for British farmers to develop other Community markets. At present, the beef and pigmeat sectors suffer particularly badly from the MCA arrangements and it is hardly surprising that neither of them shows any lasting signs of a recovery to former production levels, let alone growth.

Only a green £ devaluation can mitigate the harmful effects of large MCAs. A significant devaluation, by allowing British farmers to compete on more equal terms with their counterparts in the EEC, will improve the prospects for agriculture in 1979. Without such a devaluation there will be no sustained expansion of agricultural output. Community farmers will continue to increase their share of the UK market and the balance of payments will suffer accordingly.

I regret the fact that the Government has decided against British membership of the European Monetary System. The EMS held out the prospect of greater monetary stability in the Community. Such greater stability of exchange rates could well have made it easier for Governments to agree to the gradual phasing out of the green currency system with green exchange rates being brought into line with the market exchange rate. Now we shall continue to face a future clouded with exchange rate uncertainties. For British farmers, the uncertainties can be eased only by the substantial reduction of the MCA subsidies and a firm Government commitment to take the further action necessary to allow the industry to compete on fair terms within the Community.

Construction

The general level of activity is depressed and no significant rise is expected.

By Frank Gosling, president, National Federation of Building Trades Employers

IT WOULD be gratifying to be able to forecast with confidence that the recovery in the construction industry's work load during 1978 will continue next year at the same rate. The signs, however, are that it will not.

The private industrial and commercial and repair and maintenance sectors of building output look like remaining buoyant. But the real brake on the recovery in work load will be applied in the house-building sector.

Starts in the private sector, in particular, are expected to be down on the 1978 level and public sector housing starts show no sign of recovery from their current depressed level. This decline in activity in the housing sector does not look likely to be compensated for, to any great extent, by other types of public sector work.

Overall I do not foresee any significant rise in total construction output in 1979 and this is a disappointing prospect after the revived hopes of 1978.

Moreover, the general level of building activity, as compared to the early 1970's, remains depressed. This is a message which NFBTE, in what must inevitably be a general election year, will continue to press home both in representa-

FORECASTS 1979 continued on next Page

New Year Honours for business and the arts

John King (Knight)

Jack Brabham (Knight)

Frederick Atkinson (KCB)

Frederick Page (Knight)

Derrick Holden-Brown (Knight)

Bernard Scott (Knight)

Gracie Fields (DBE)

Sir Bernard Miles (Baron)

Dennis Head (CBE)

Professor John Wood (Knight)

BUSINESS, SCIENCE, the arts, local government, politics, trade unions, sports, the police, the legal profession and the Civil Service all receive recognition in the New Year Honours.

Six life peers are created (all Barons), two Privy Councillors are appointed, and there are 23 Knights Bachelor named (including two selected from the Overseas Lists). The following selection includes some of the personal appointments made by the Queen in the Royal Victorian Order.

LIFE PEERS
BARONS

Sir Brian Hilton Flowers, Rector, Imperial College of Science and Technology.

Sir Bernard Miles, actor and founder of the Mermaid Theatre.

Admiral of the Fleet Sir Peter John Hill-Norton, former Chief of the Defence Staff, lately chairman, military committee of NATO.

Sir Walter Laing Macdonald Perry, Vice-Chancellor, Open University.

Sir John Samuel Richardson, president, General Medical Council.

Mr. Hugh Parr Scanlon, lately president, Amalgamated Union of Engineering Workers.

PRIVY COUNCILLORS

Mr. Alfred Morris, Member of Parliament for the Wythenshawe division of Manchester; Parliamentary Under-Secretary of State, Department of Health and Social Security, with special responsibility for disabled people.

Mr. Thomas William Urwin, Member of Parliament for Houghton-le-Spring; Minister of State, Department of Economic Affairs 1968-69; Minister of State, Local Government and Regional Planning 1969-70.

KNIGHTS

Mr. Peter Coleman Boon, lately chairman, Hoover. For services to export.

Mr. Lawrence Boyle, chief executive, Strathclyde Regional Council.

Mr. John Kayworth Boynton, chief executive, Cheshire County Council.

Mr. John Arthur (Jack) Brabham, for distinguished service to the sport of motor racing.

Mr. Derrick Holden-Brown, vice-chairman, Allied Breweries.

Mr. Eugene Cross, for public service in Wales.

Mr. Alastair Robert Currie, Professor of Pathology, University of Edinburgh.

Professor William Empson, Emeritus Professor of English Literature, Sheffield University, for services to English literature.

Mr. Moses I. Finley, Professor of Ancient History, University of Cambridge.

Mr. Isaac Hai (Jack) Jacob, Senior Master of the Supreme Court (Queen's Bench Division) and Queen's Remembrancer.

Mr. Brian Smith Kellett, chairman, Tube Investments.

Mr. John Leonard King, chairman, Babcock and Wilcox, for services to export.

Mr. Alan Charles MacLaurin Mackerras, conductor, musical director, English National Opera.

Mr. Bruce MacKinlay, for services as president, Confederation of Western Australian Industry.

Mr. Kenneth Mather, Professor of Genetics, University of Birmingham.

Mr. Frederick William Page, chairman and chief executive, aircraft group, British Aerospace.

Mr. John Joseph Joffre Page, chairman, National Ports Council.

Mr. William Drummond Macdonald Paton, Professor of Pharmacology, University of Oxford.

Mr. James Redmond, lately director of engineering, British Broadcasting Corporation.

Mr. Bernard Francis William Scott, chairman, Lucas Industries, for services to export.

Mr. Walter Stansfield, Chief Constable, Derbyshire Constabulary.

Mr. John Nicholas Walton, Professor of Neurology and Dean of Medicine, University of Newcastle upon Tyne.

Professor John Crossley Wood, chairman, Central Arbitration Committee.

ORDER OF THE BATH
GCB

Sir Ian Powell Bancroft, head of the Home Civil Service.

KCB

Mr. Frederick John Atkinson, chief economic adviser, Treasury.

Mr. John Wilfrid Bourne, Clerk of the Crown in Chancery, and Permanent Secretary, Lord Chancellor's Office.

Mr. Thomas Chalmers Hetherington, Director of Public Prosecutions.

Major Sir James Rennie Maudslay, Keeper of the Privy Purse and Treasurer to The Queen.

CB

Mr. R. J. Andrew, Deputy Secretary, Home Office.

Mr. A. G. Beard, Under Secretary, Department of Health and Social Security.

Mr. R. E. Dearing, Deputy Secretary, Department of Industry.

Mr. H. J. Dunster, Deputy Secretary, Health and Safety Executive.

Mr. M. D. M. Franklin, Deputy Secretary, Cabinet Office.

Mr. E. F. Hedger, Under Secretary, Ministry of Defence.

Mr. M. W. Holdgate, director general of research, Departments of the Environment and Transport.

Mr. S. F. R. Martin, first legislative draftsman, Northern Ireland.

Mr. J. A. M. Mitchell, Secretary, Scottish Education Department.

Mr. J. H. Nelson, Deputy Secretary, Ministry of Defence.

Mr. A. D. M. Oulton, Deputy Secretary, Lord Chancellor's Office.

Mr. A. B. Paterson, director, veterinary laboratories, Ministry of Agriculture, Fisheries and Food.

Mr. D. H. Payne, principal director, Ministry of Defence.

Miss Lois A. Pittom, lately Under Secretary, Department of Employment.

Mr. W. S. Ryrie, Deputy Secretary, Treasury.

Mr. G. G. Stewart, Commissioner, Forestry Commission.

Mr. J. W. Weston, principal assistant solicitor, Board of Inland Revenue.

Mr. R. W. L. Wilding, Deputy Secretary, Civil Service Department.

Mr. S. D. Wilks, Chief Executive, British Overseas Trade Board, Department of Trade.

ORDER OF ST. MICHAEL AND ST. GEORGE
KCMG

Sir David Scott, UK Ambassador to South Africa.

KCMG

Sir Charles Walter Michael Court, Premier of Western Australia.

CMG

Mr. G. E. Myers, Under Secretary, Ministry of Agriculture, Fisheries and Food.

Mr. R. G. Raw, UK director, European Investment Bank.

Mr. R. J. W. Rees, head of laboratory for leprosy and mycobacterial research, National Institute for Medical Research.

Mr. L. J. Shaw, Under Secretary, Ministry of Defence.

ROYAL VICTORIAN ORDER
GCVO

Earl of Dalhousie, Lord Chamberlain to the Queen Mother.

KCVO

Rev. Canon James Seymour Denis Mansel, Domestic Chaplain to the Queen.

Sir Peter Malden Studd, director, Thomas De La Rue and Company.

CVO

Dr. Margery Grace Blackie, Physician to the Queen.

Vice-Admiral Sir Ronald Vernon Brockman, Gentleman Usher to the Queen.

Mr. W. J. Chalmers, Appeal Secretary, the Queen's Silver Jubilee Appeal.

Lt. Col. A. C. Cole, Windsor Herald of Arms.

Baron Remnant, managing director, Touche Remnant and Company.

ORDER OF THE BRITISH EMPIRE
DBE

Mrs. Elizabeth Coker, chairman, executive council, Association of County Councils, for public service.

Miss Gracie Fields (Mrs. Alperovici), entertainer.

Mrs. Naomi Christine James, for services to sailing.

Miss Joan Sutherland (Mrs. Bonynge), for distinguished service to the performing arts.

KBE

Mr. Robert Hill Kidd, head of Northern Ireland Civil Service.

CBE

Mr. D. M. Anderson, for services to the Cocoa, Chocolate and Confectionery Alliance.

Professor R. J. C. Atkinson, for services to the University Grants Committee.

Mr. C. G. Bennion, lately chairman, British United Shoe Machinery.

Mr. James Cameron, journalist and author.

Mr. H. Cartwright, director, Atomic Energy Establishment, Winfrith, United Kingdom Atomic Energy Authority.

Mr. E. G. Chandler, architect and planning officer, Corporation of the City of London.

Mr. H. G. De Ville, executive vice chairman, BICC.

Mr. J. I. Disley, vice-chairman, Sports Council.

Mr. D. C. C. Dixon, lately deputy chairman, Cleveland Bridge and Engineering.

Mr. A. J. Dowling, lately director, Royal Mint.

Mr. M. G. Falcon, chairman, National Seed Development Organisation.

Mr. B. H. F. Fehr, for services to the Baltic Exchange.

Mr. D. Fowler, member, British Railways Board.

Mr. H. W. Gaston, senior partner, Sherwood and Company, Parliamentary Agents.

Mr. W. G. N. Geddes, senior partner, Babtie Shaw and Morton.

Mr. J. T. Griffiths, chairman, Electronic Consumer Goods Sector Working Party.

Mr. Frederick Grinke, violinist.

Mr. A. M. Hamilton, lately president, Law Society of Scotland.

Mr. D. A. Head, managing director, aero division, Rolls-Royce.

Mr. R. Hermon, director general, National Council of Building Material Producers.

Mr. W. S. Holley, general manager, Washington Development Corporation.

Mr. A. H. Hounsell, managing director, Compair International, for services to export.

Mr. R. A. Huskisson, chairman, Hotels and Catering Economic Development Committee.

Mr. M. W. Jerram, chairman, United Kingdom Food Distribution Division, Booker McConnell.

Mr. A. J. Kennedy, director of research, Delta Metal.

Mr. T. G. Kent, group director, Dynamics Group, British Aerospace, for services to export.

Mr. C. A. E. King, managing director, BP Tanker Company.

Mr. E. R. Knapp, managing director, Timken Europe, for services to export.

Mr. J. G. S. Linacre, managing director, Yorkshire Post Newspapers, for services to journalism.

Mr. P. A. Long, managing director, Machine Tools Division, the 600 Group, for services to export.

Mr. J. A. Loring, director, Spastics Society.

Hugh Scanlon (Baron)

Miss Moura Lympany, pianist.

Mr. E. A. Lyons, architect.

Mr. N. C. McClintock, secretary-general, Order of St. John of Jerusalem.

Mr. A. I. McDonald, investments secretary, Church Commissioners.

Mr. W. D. McKee, lately president, Federation of Building and Civil Engineering Contractors (Northern Ireland).

Lady R. M. Marre, chairman, London Council of Social Service. For public service.

Mr. C. E. Mills, lately member for economic planning, British Gas Corporation.

Mr. G. J. Mortimer, lately group chief executive, Consolidated Gold Fields.

Mr. L. W. Orchard, chairman and chief executive, Berec Group. For services to export.

Mr. B. H. Piper, director and formerly group chief executive, Lloyds Bank.

Mr. J. D. Rigg, chairman, organics division, Imperial Chemical Industries. For services to export.

Mr. D. Robinson, chairman, Social Science Research Council.

Mr. J. Rorke, managing director, Offshore Engineering Group, Vickers. For services to export.

Mr. G. C. Shephard, Board member for industrial relations, National Coal Board.

Mr. G. T. Shepherd, chairman, Midlands Electricity Board.

Mr. Donald Sinden, actor.

Mr. C. N. Smith, chairman, Policyholders Protection Board.

Mr. Ruskin Spear, artist.

Mr. R. Steel, secretary-general, Royal Institution of Chartered Surveyors.

Mr. F. J. Wilkin, accountant, House of Commons.

Mr. K. G. Wilkinson, engineering director and member of the Board, British Airways.

Mr. G. R. A. Wixley, deputy chairman, National Biological Standards Board.

Mr. A. H. Wright, chairman, Chemical and Allied Products Industry Training Board.

OBE

Mr. L. C. Allcock, engineering manager, Shell UK Exploration and Production.

Mr. H. F. Andrews, general manager, Gallaher, Northern Ireland.

Mr. Eric Bainbridge, director, British Ports Association.

Mr. J. J. Beattie, head of Science Division, Science Research Council.

Mr. R. Beckham, managing director, SPD Distribution.

Mr. D. S. Binnie, general manager, London Midland Region, British Rail.

Mr. W. P. Blair, member, executive council, Electrical Electronic Telecommunications and Plumbing Union.

Mr. E. H. Boot, chairman, Joint Safety Administration Committee, Yorkshire Safety Training Centre for the Construction Industry, Leeds.

Mr. Barry Boyden. For services to Rugby Football.

Mr. E. L. Bradley, chairman, Legal Committee, Magistrates' Association.

Mr. P. L. C. Brazier. For services to the Road Haulage Association in Kent.

Mr. J. Bury, associate director (design), National Theatre.

Mr. M. J. G. Cahalan, head of Research Department, Rio Tinto-Zinc Corporation.

Mr. L. A. Clarke, president, Nottinghamshire Area, National Union of Mineworkers.

Mr. W. P. Cole, director of Quality Engineering, GEC-Marconi Electronics.

Miss S. Cooper (Mrs. Barker), design director, Susie Cooper.

Mrs. E. A. M. Corran, national chairman, National Union of Townswomen's Guilds.

Mr. G. W. Crawford, chairman, National Federation of Fishermen's Organisations.

Mr. T. M. Cronin, national secretary, Docks and Waterways Group, Transport and General Workers Union.

Mr. W. F. Cusworth, director-general, North West Region, Central Electricity Generating Board.

Professor I. Dickson, musical director, the National Youth Orchestra of Great Britain.

Mr. G. H. Dix, secretary-general, the Institute of Bankers.

Mr. J. R. Donaldson, editor, British Dental Journal.

Mr. H. N. Eccleston, artist designer, Bank of England.

Mr. C. Edwards, motoring correspondent, Sunday Telegraph.

Mr. J. M. Fetherston, chief executive, Thomas Meadows International.

Mr. J. S. Forbes, deputy warden and assay master, Worshipful Company of Goldsmiths of London.

Mr. P. E. Garbutt, chief secretary, London Transport Executive.

Mr. S. Gortvay, chairman, Spark Plug Division, Smiths Industries. For services to export.

Mr. J. Gratwick. For services to the Clothing Economic Development Council.

Mr. Robertson Hare, actor.

Mr. J. N. Harris, deputy chairman, IPC Business Press chairman, Agricultural Press.

Mr. J. S. Heaton. For services to the English Industrial Estates Corporation.

Mr. James Herriot, author.

Mr. J. H. Holden, chairman, Creative and Performing Arts Board, Council for National Academic Awards.

Mr. J. L. Holt, director, Jack Holt. For services to export.

Mr. K. Hughes, chairman, GEC Medical Equipment.

Mr. W. F. Hunt, head of fleet personnel division, P & O Steam Navigation.

Mr. J. C. Ireland, lately director of trade relations and projects, Plessey Telecommunications. For services to export.

Mr. Gordon Jackson, actor.

Mr. Clifford Jones. For services to Rugby Football in Wales.

Mr. H. W. G. Kendall, director, British Printing Industries Federation.

Mr. J. W. R. Lamb, member, executive council, Scottish Federation of Meat Traders' Associations.

Mr. J. K. Lion, senior partner, Phillips and Lion.

Mr. D. S. Love, managing director, EMI-MEC. For services to export.

Miss M. Lund, general secretary, Independent Television Companies Association.

Mr. T. R. M. Milne, chief executive, Tay Valley Housing Association.

Mr. D. R. Moylan, managing director, Firth Cleveland Steel Strip. For services to export.

Miss Olivia Newton-John. For services to the performing arts.

Mr. F. F. Nind, director, Foundation for Management Education.

Mr. G. H. Orchard, shipyard manager, Scotts' Shipbuilding Company.

Mr. T. N. Pearce. For services to sport and particularly to cricket and to rugby football.

Mr. L. V. Pike, chairman, Midland Electricity Consultative Council, chairman, West Midland Transport Users' Consultative Committee.

Mr. F. D. J. Pinto, general manager, BRE-Metro. For services to export.

Mr. R. W. Porter, director, Eastern Region, National Federation of Building Trades Employers.

Mrs. Mary Potter, artist.

Mr. J. L. Redpath, managing director, Barrie Knitwear. For services to export.

Mr. E. C. Reed, director of operations, Thames Water Authority.

Mr. D. F. Rees, chairman, William F. Rees.

Mr. A. Robertson, managing director, Hugh Smith (Glasgow). For services to export.

Mr. D. R. Ross, lately general manager, Parke Davis Company.

Mr. A. I. Scott, company secretary, British Nuclear Fuels.

Mr. Tommy Steele, entertainer and actor.

Mr. F. Taylor, senior sports writer, Daily Mirror.

Mr. F. G. S. Thomas, architect. For services to Liverpool Cathedral.

Mr. J. L. Ward, chairman, English Vineyards Association.

Mr. A. Webster, London Editor, United Newspapers.

Mr. P. Firmston-Williams, managing director, ASDA Stores.

Mr. C. D. Wills, secretary, St. Dunstan's.

Mr. J. E. Wilson, chairman, Trustee Savings Bank of Northern Ireland.

MBE

Mr. T. F. Appleby, manager, Manchester Opera House.

Mrs. Lily Atkins, secretary, Standing Conference of London Arts Councils.

Mr. J. S. Barnes, partner, Abbey Horn Works. For services to export.

Mr. R. Blythen, lately director, Broadcast Equipment Division, EMI Industrial Electronics.

Mr. H. Bradshaw, deputy chief executive, British Electrical and Allied Manufacturers' Association.

Miss Nora Braithwaite. For services to Medau Gymnastics.

Mr. W. Brockhuizen, engineering manager, Training Simulators Group, Military Systems Division, Ferranti. For services to export.

Mr. K. L. Brown, managing director, J. Compton Sons and Webb.

Mr. G. L. Bull, project team leader (data processing), BP Oil.

Mr. R. J. Bull, district secretary, North Wales Amalgamated Union of Engineering Workers.

Mr. Gregory Chappell. For contribution to cricket.

Mr. Roger Clark, motor rally driver.

Captain H. Connell, Master Mariner. For services in connection with the rescue of Vietnamese refugees.

Mr. D. T. Davies, district secretary, West Wales Transport and General Workers Union.

Mr. J. O. Eatough, managing director, Extrudaplas. For services to export.

Miss M. A. Englehart, lately secretary, Canning House Economics Affairs Council. For services to export.

Mr. T. M. S. Ferguson, deputy chief test pilot, Warton Division, Aircraft Group, British Aerospace.

Mr. J. A. Forbes, managing director, A. B. Chalmers (Inverness).

Mr. C. J. Foxley, company secretary, Eastern Counties Omnibus.

Mr. J. H. Giles. For services to squash rackets.

Mr. A. G. Gordon, executive director, Imported Meat Trade Association.

Mr. A. R. Hambly, group export sales executive, Montfort (Knitting Mills). For services to export.

Mr. W. Hamilton, works manager, John G. Kincaid and Co.

Mr. L. C. Hannay, chief operations manager (guided weapons contracts), British Aerospace Dynamics Group. For services to export.

Mr. R. A. Hayes, administrative manager, Mersey Mill, Bowaters United Kingdom Paper Company.

Mr. D. Hewitson, assistant works manager, O. Wickham and Co. For services to export.

Mr. A. P. Hewitt, senior marketing manager, Racal Tacticom. For services to export.

Mr. L. Hornsby, quality control manager, engineering group, Michell Bearings, Vickers.

Mr. John S. Hoskins. For services to Motor Cycle Speedway Racing.

Mr. I. Howells, mining engineer, British Rail.

Mr. E. H. L. Hughes, manager, new projects, British Aerospace, Riyadh.

Mr. D. John, personnel manager, Port Talbot Works, British Steel Corporation.

Mr. J. Judd, chairman, Hampshire and Isle of Wight Agricultural Wages Committee.

Miss Margaret Kelly. For services to swimming.

Miss J. K. Lamb, personnel and welfare officer, British Fish Canners (Fraserburgh). For services to export.

Miss Sonia Lannaman. For services to athletics.

Miss J. K. Laughton. For services to Paraplegic Sport.

Mr. A. Leach, managing director, Ballymoney Manufacturing.

Mr. J. R. Leighton, lately works director (Keighley Plant), Hayward Tyler. For services to export.

Mr. G. E. Leslie, divisional organiser (engineering section), Edinburgh and Fife, Amalgamated Union of Engineering Workers.

Mr. B. W. Lewis, managing director, Drury Engineering.

Mr. G. J. Lewis, chief buyer and supplies manager, production division, Dexion-Comino.

Mr. D. G. McMillan, vehicle quality manager and chief engineer, Marshall of Cambridge (Engineering).

Mr. D. O. Maggott, engineering services manager, Nuclear Power Company (Whetstone).

Mr. H. G. Makins, seminar co-ordinator, National Cash Registers.

Mr. N. P. Mander, master organ builder.

Mr. J. Marks, manager, wire and nail department, John Williams (Wishaw).

Mr. J. Martin, general secretary, National Union of Lock and Metal Workers.

Captain P. H. Mattocks, master, Esso Petroleum Company.

Mr. S. R. D. Power, chief mechanical and electrical engineer, Paddington, British Rail.

Mr. T. O. Robson, lately works engineer, engineering group, Scotswood Works, Vickers.

Mr. A. Owen, general manager, North West Region, Trustee Savings Bank.

Mr. A. H. Peters, principal doorkeeper, House of Commons.

Mr. R. Pollock, assistant managing director, William Bain and Company (Structural). For services to export.

Mr. B. H. Scarlett, chief crime reporter, Press Association.

Mr. A. C. Simpson, technical director, International Distillers and Vintners Home Trade. For services to the wine and spirit trade.

Mr. R. Smallwoods, general manager, Welch Margetson and Co.

Mr. Ian Stewart. For services to athletics.

Miss P. G. Stokoe, assistant company results manager, National Carriers.

Miss J. R. Stroker, personnel services controller, North Eastern Co-operative Society.

Mr. H. H. Swannick, marketing director, Western British Road Services.

Miss E. H. Taylor, director residential, British Property Federation.

Mr. K. E. Thompson, group standards manager, Alcan Aluminium (UK).

Mr. F. Tyson, chief designer, Scottish division, Aircraft Group, British Aerospace.

Mr. D. A. Webb, tourist facilities manager, British Tourist Authority.

Mr. P. Whitaker, products development manager, Francis Shaw and Co.

Mr. A. J. Woodcock, county secretary, Northumberland National Farmers' Union.

Mr. R. S. Wyatt, president, South West Export Association. For services to export.

Mr. L. V. Yorke, superintendent, general services, Heathrow Airport, British Airports Authority.

Mr. W. Young, district Secretary, Hanley, Transport and General Workers Union.

Forecasts 1979

THE VIEWS OF LEADING INDUSTRIALISTS

Continued from previous Page

tions to the existing Government and subsequently to whichever government emerges after the election.

The fact is that our industry is operating at far too low a capacity to meet fundamental demand for housing, infrastructure, social building such as schools and hospitals and much-needed industrial re-generation programmes.

Quite apart from the problems that this low level of activity creates within our own industry in terms of investment, planning of manpower, materials availability and future production capacity, low levels of building activity indicate a basically depressed economy which keeps Britain well down the international league of industrialised nations in terms of living standards and general prosperity.

Consequently the prospects for the construction industry, and for the wider British economy are by no means as encouraging as I would wish to see. I hope that this trend will be reversed in the foreseeable future but I cannot see this happening to any extent in 1979. Nevertheless the long-term future must be good and the NFBTE will be encouraging its members to maintain and to increase their investment in craft and management training. One major deterrent to investment of any kind is the Labour Party proposal substantially to nationalise the industry—a proposal which I sincerely hope will be withdrawn during 1979.

Civil Engineering

The authorities must appreciate the difference between capital and current spending.

By Derek Gaulter, director-general, Federation of Civil Engineering Contractors

1978 HAS not been a particularly happy year for civil engineering. We have seen only a slight pick-up in activity, most of the extra money the Government gave to construction actually going to building; a hard fight on pay policy and particularly sanctions; the battle for freedom fought under the CABIN banner.

The latest forecast from the Building and Civil Engineering EDCs, published on December 12, shows that output for 1979 for the public non-housing sector, which contains the bulk of civil engineering work, is expected to be down 2 per cent in real terms compared with 1977. The forecasts for 1979 and 1980 are for a nominal 1 per cent increase. This clearly depicts an industry which, having suffered a succession of cuts, is now well and truly in a trough.

The result is that the civil engineering industry is now operating far below its proven capacity. And this is at a time when it is becoming increasingly obvious that the fabric of Britain's infrastructure—roads, water and sewage services—is rapidly deteriorating.

Almost daily there are reports of sewers collapsing, of roads so bad that insurance claims for damages caused by potholes for instance are costing hundreds of thousands of pounds. The Government's declared intention is to keep down public spending; one of my federation's prime aims in 1979 will be to try to get the authorities to appreciate the difference between current and capital spending. As an illustration of this, to allow money to be spent on giving people cheap bus fares is of little use when the roads on which the buses run become dangerous through lack of maintenance. This is a message I do not believe has yet penetrated the official mind.

It is the threat of Government control over our industry on a wider front which led to the Building and Civil Engineering Industries setting up CABIN—the Campaign Against Building Industry Nationalisation — at the beginning of this year. The Campaign has been successful in making the public aware that, as the Prime Minister himself said earlier this year "Nationalisation is always on the agenda." It is high time, if this country is to prosper, for it to be removed from the agenda, and the Campaign will continue with that object in mind. On this issue, we shall have to await the outcome of the General Election which must be held in 1979.

The civil engineering industry has during 1978 been in the forefront of the battle against Government sanctions and welcomes the fact that we enter 1979 with this threat to the role of law removed. We therefore enter 1979 in the hope that we shall be allowed to get on with the work which is so necessary to this country's prosperity—and which we have proved we can do overseas—unfettered by irrelevant Government interference.

Food manufacturing

The continuing low level of profitability is the industry's most serious problem.

By D. R. Hornby, president, Food Manufacturers' Federation

THE ECONOMIC pundits claim to have detected in 1978 a mini-boom in expenditure on consumer goods. Unfortunately little of this additional spending found its way into manufactured foods. The lack of growth in the sector is the root of many of the current problems facing FMF members, of which the most serious is the continuing low level of profitability.

Recently published results of food manufacturing companies show no improvement in this respect. In fact, some companies' profits have actually declined in the last 12 months, through poor trading conditions. Without profits from their overseas activities, many more companies would have suffered. This depressing trend is not only bad for food manufacturers and their employees but also for Britain: the erosion of profitability of FMF member companies over the last six years has jeopardised the efficiency of one of the country's most important industries.

We in the FMF hope that 1979 will signal some improvement in profits. Only in this way can we invest more, improve efficiency and keep down the level of food prices. However, our prospects depend upon many factors, like prices of raw materials and packaging, which are not directly within the control of individual companies.

Since raw materials are an important determinant in final selling prices of manufactured foods, the FMF is encouraged by the tough attitude taken by the Government towards the Common Agricultural Policy. There is an urgent need to reform the CAP and to reduce the huge agricultural surpluses in Europe. The FMF will be continuing in 1979 its vigorous campaign to cut back high EEC farm prices, which are primarily responsible for these surpluses.

A stagnant home market for food has intensified the High Street price war among grocery retailers in 1978. When the Monopolies Commission reports its findings on discounts to retailers its recommendations, if implemented, could have dramatic consequences for all parts of the distribution chain. In any case, the FMF looks forward to an end to the High Street War, so that manufacturers and distributors can improve their trading position without detriment to the service their customers expect.

A key element in the Government's approach to improved profitability in the food manufacturing industry has been the industrial strategy. It has been publicly stated that the aim of the Strategy is to improve the industry's return on capital. The FMF expects that the Government and all its agencies will take steps to create an environment within which the Federation's member companies can grow and prosper in 1979.

Machine Tools

The world surplus of machine tool manufacturing capacity has led to fierce competition.

By W. R. Vaughan, president, Machine Tool Trades Association

THE PROSPECTS for 1979 are brighter than at this time last year. The second half of 1978 produced an increase in order intake and we predict that this will continue over the first half of 1979. Competition among manufacturers continues to be tough but the UK machine tool, components and associated equipment industries are in general, on normal working time. This arises from a moderate upturn in the home market and the continuing success of many of our manufacturers in export markets across the world. Western Europe remains disappointing although there are some signs that *this important sales area* will improve in the latter part of 1979.

I am confident that the machine tool industry will continue its almost unbroken record of positive contributions to the balance of payments which is particularly noteworthy given the global surplus of machine tool manufacturing capacity with resultant intense competition and a price war which in some cases is quite suspect commercially.

Much attention has been directed in recent times to the increase in the value of imports of machine tools. It is important, however, to understand that much of the increase is attributable to currency fluctuations and does not necessarily mean an increase in the number of machines purchased from abroad.

I am heartened by the quiet atmosphere of confidence that is becoming more apparent in many of this industry's boardrooms which is reflected by continuing effort and investment in overseas markets and a healthy rate of re-equipment in our factories. This positive attitude was recently reinforced by the results of a forecasting seminar held in November last, sponsored by the Machine Tool Trades Association and conducted by the Henley Centre *for Forecasting which indicated* that we could expect an increase in orders over the next eighteen months. Another fact that is generally welcomed is the apparent levelling off of the hitherto highly cyclical nature of the machine tool industry's order input, these predictions *will certainly stimulate management in plans for expansion.*

In the important area of manpower constant consideration is being given to the vital process of training and retraining of the skilled workforce which is so necessary to the success of this craft section of *engineering.* It is a matter of considerable pride that despite adverse market pressures we have over the past year, with few exceptions, managed to maintain our manning levels as compared with competitors on the Continent.

I fervently believe that this country needs a strong and independent machine tool industry. We have both the brains and skills and this vital sector of our national economy will continue to serve our country both loyally and effectively for many years to come provided that industry is given the right economic working environment which is so important to our trade.

Shipbuilding

"We are seeking to preserve the hard core of the industry."

By M. R. Casey, chief executive and deputy chairman, British Shipbuilders

THE DIFFICULTIES facing both shipowners and shipbuilders throughout the world are widely known, and Britain faces the same problems as many other nations. In essence, the trouble stems from the fact that orders for ships to be built world-wide have fallen to around one-third of the levels of recent years and there is currently a serious over-capacity in merchant shipbuilding.

Some countries have announced their intention to reduce levels of output by specific percentages. Within British Shipbuilders we have just finalised the industry's first corporate plan, and have taken a hard, realistic look at a range of factors to reach conclusions on the future shape of the industry. We have taken account of the current crisis and have also looked ahead to the 1980s when we expect the market to recover. Shipbuilding is a notoriously cyclical industry and it is important when planning its future to have regard to medium- and long-term prospects as well as short-term fluctuations in demand. We are seeking to preserve the hard core of the industry and to *sustain its essential infrastructure.* We aim to improve our overall performance and to emerge from the present recession with a competitive and profitable business. In the meantime it must be accepted that there will not be enough work for all our yards and a joint working party has been established with the trade unions to study ways of dealing with the social problems arising from the recession.

A logical approach has been brought to the whole of the industry's affairs in the 18 *months since nationalisation.* We have been able to mount an intensive marketing drive with considerable success. Industrial relations have improved, substantial economies have been achieved in purchasing and financial control, new approaches to design and research have been introduced, and new monitoring arrangements are leading to closer adherence to production and delivery schedules. British Shipbuilders is determined not only to survive the world crisis, but to ensure that we retain a capable and versatile industry equipped to meet the calls which will certainly be made of it in a few years' time.

Retailing

One of the most important issues is likely to be the effect of competition policy on retailers.

By Joseph Godber MP, chairman of the Retail Consortium

DURING 1978 there has been an increase in consumer spending over the board in the UK, sparked off chiefly by the Chancellor of the Exchequer's measures of tax rebates and increased allowances, resulting in increased earnings at a rate of about double the increase in inflation. But when the dust has settled it will amount to a volume increase of around 5 per cent, bringing retail sales volume back to 1973 figures. Hardly the boom conditions which some sectors would have us believe.

The increased sales pattern, which began in March with the first tax rebate, has followed a predictable form. Durable goods, both brown and white, were the first to see a higher turnover *after the slump during 1976 and 1977.* Clothing and footwear followed with added consumer confidence and lastly, but not until the latter part of the year, furniture sales began to pick up. Food sales, too, have shown an increase but because of the intense competition in food retailing, this could reflect a trading up rather than increased expenditure—a reversal of the 1976-77 pattern. However, these increases must be weighed against the total increased consumer spending pattern which includes such things as holidays, motor vehicle expenditure and other leisure activities to determine the real increased expenditure in shops.

What will happen in 1979? In the UK a general election will influence the timing and extent of monetary control with its ripple effects on unemployment and investment and retailing will react quickly.

We expect consumer protection will continue to occupy the attention of politicians. Further measures on price display, advertising and perhaps minimum offers will emerge. However the most important subject we will have to consider in 1979 is likely to be competition policy, including the question of whether some restrictions should be placed on the ability *of larger retailers to purchase* on favourable terms.

British retailers not only preach the virtues of free competition—they practise it. The price war in the High Street is likely to continue longer than most people expected. The main beneficiary is the consumer. As a leading retailer said to us the other day "we have done more to reduce prices in the High Street by pursuing a competitive pricing policy than any government achieved through price control."

Aerospace

New civil projects will help to secure a better balanced order book.

By Lord Beswick, chairman, British Aerospace

WE START the New Year with a substantially increased order book—now approaching £3bn. The orders are spread across the range of BAe activities and the new civil projects to which we are now committed should help to secure a better balance in future as between military and civil orders. Well over 60 per cent of current orders are for export.

1979 should be a good year for British Aerospace but just how good will depend on a number of factors not entirely within our control. For example, we share with British industry generally a need for highly skilled people. Salary scales have hitherto been distorted to some extent by the exigencies of essential incomes policies, but even if 1979 sees some changes on this front they can only affect the disposition of the nation's skilled labour force rather than the total supply.

Another feature, of course, will be the nation's success in curbing inflation. In a year when everyone appears to agree in general that discipline is needed. In particular everyone seems able to prove that he or she is a special case. In such a situation the outlook for any organisation must to some extent be less than clear.

British Aerospace will aim for improved productivity in 1979; given that, the prospects are good for the fulfilment of commitments and maintaining our competitive position.

هكذا من الأصل

Waddington recovers to £1.7m in first 28 weeks

AFTER suffering a setback from £1.25m to £409,000 in the second half last year, **John Waddington** reports profits of £1.65m for the 28 weeks to October 15, 1978, compared with £2.32m in the same period last year. Turnover was £25m, compared with £23.13m.

The directors say the current year will not be a record one for profits "but recovery will continue." *The Videomaster acquisition is adversely affecting profits this year but the Board is confident the investment is sound.*

The cost of commissioning the new plastic container factory will also reduce profits but next year even after further initial costs, the Board expects a contribution to profits.

The interim dividend is held at 5p—last year's total was 11.31p from pre-tax profits of £2.49m (£3.34m). In July, Mr. V. H. Watson, the chairman told shareholders in his annual report that expectations then were for much better results for the year ending March, 1979.

There has been an improvement in the very poor trading conditions which affected certain parts of the business in the second half of last year, the directors say.

Problems still remain but plastic containers, greeting cards and printing are doing well and royalty income continues to be satisfactory.

Waddington's Videomaster was acquired from the Receiver in July, too late for an adequate production programme to be mounted for this Christmas.

	First half 1978 £000	1977 £000
Sales	25,001	23,126
Profit	1,653	2,319
Tax*	902	1,247
Net profit	751	1,072
Minorities	6	11
Shareholders profit	757	1,083

* Includes full provision for deferred tax

The Board is continuing to invest *in areas of new technology* which offer the most promise. The major investment at present is the equipping of a new factory at Thornaby-on-Tees which will increase production capacity for plastic containers.

The Board is also investing in electronic and video games which are considered to offer good *scope for growth. Since April* two unsecured bank loans each of £2m have been raised. These will provide adequate funds for medium term investment plans.

● comment

Waddington's acquisition of Videomaster from its receiver earlier this year is restricting its recovery from the profits slump in the second half of last year. A typhoon in the Philippines filled its factory with four feet of silt, and production was held up for a month. Investment in stocks and debtors is about level with Waddington's expectations but, because of the month's delay, cash is not coming in according to schedule. In other areas, specialised packaging had a good first half but traditional packaging, which supplies the food industry, sagged a little. Playing cards are still being hit by foreign competition but board games are doing better than the same period last year. Waddington is still assessing the impact of Christmas but earlier indications are very favourable. Full-year pre-tax profits of around £2.9m are possible, giving the shares, which dropped 6p to 190p yesterday, a prospective p/e of 8.5 and a yield (assuming dividend is maintained) of 9.2 per cent.

New U.S. move by GEC

BY ANDREW TAYLOR

General Electric Company, in a further move to expand its activities in the U.S., has agreed to buy **Boonton Electronics** of New Jersey for U.S.$9.5m cash (£4.65m).

Just over a month ago the British electrical, electronics and engineering conglomerate launched a U.S.$100m (£50m) agreed bid for the U.S. company A. B. Dick.

Boonton makes a range of electronic measuring and testing equipment similar to products manufactured by GEC's subsidiary, Marconi Instruments.

A GEC spokesman said last night that the deal would provide Marconi products with a wider distribution network in the U.S. while "Boonton itself manufactures a promising range of equipment."

In the year to September 30, 1978, Boonton generated sales of U.S.$8.2m (£4m) and after tax profits of U.S.$861,174 (£422,000).

The offer, however, is still subject to certain agreements being reached and final approval of both Boards of directors.

GEC is currently embarked on a programme to seek out potential U.S. acquisitions. A year ago it appointed Mr. Geoffrey Cross—former managing director of International Computers—to head a new company, GEC Enterprises Inc., to identify new business opportunities in the U.S.

The GEC spokesman *said* that Mr. Cross had been involved with the negotiations with Boonton.

Meanwhile in the UK, Averys, the weighing machine company, is currently investigating an approach from GEC which may lead to an £83m bid being made for Avery.

Crellon loss cut at midway

Crellon Holdings, the electrical wholesale and electronics concern, rescued earlier this year by an Anglo-American consortium headed by Mr. Geoffrey Rose, yesterday announced a £109,000 first half pre-tax loss.

This compares with the £5,000 profit earned in the same period last year but is a marked improvement on the £918,000 loss incurred in the second half of 1977-78.

Mr. Rose, Crellon's chairman, has said that he expects the group to make a profit in the second half of the current year.

The group's problems have largely been attributable to losses at its electrical wholesale division but there has also been some difficulties with overseas operations.

Since Mr. Rose and his associates acquired a 20 per cent stake in Crellon the group has disposed of a number of its electrical wholesale branches and in November Mr. Rose said that *losses at the electrical* division had been halted.

However, in the first half of the current year group sales were down from £7.6m to £5.1m and the first half pre-tax loss of £109,000 is after interest charges of £116,000.

Mr. Rose said that a profitable trading pattern was now emerging following a restructuring of *management and resources.* He said that the Crellon Microsystems had experienced a significant upturn in its design and *consultancy activities.*

The group is not to pay an interim dividend but says that consideration of a final dividend will be made when the full year results are known.

Cavenham £14.5m at 32 weeks

ON A LIKE for like basis, excluding the effect of exchange fluctuations **Cavenham**, the food *group, held taxable profit steady* in the 32 weeks to November 11, 1978, compared with the corresponding period of last year, the directors state.

However, *profit at the interim* stage shows a decline from £16.9m *to £14.5m* on sales maintained at £1.08bn, against £1.02bn. These results are not comparable the directors say, because of the transfer of the group's French manufacturing subsidiaries to its parent company Generale Occidentale, and *the acquisition of Colonial Stores* in August.

Below the line the results were also effected by the increased preference dividend and its related ACT as well as the payment of last year's special interim dividend.

After tax of £3.2m (£2.4m) the net balance is shown at £11.3m, *against £14.5m. With minorities* taking £100,000 (£500,000) the attributable total emerged at £11.2m (£14m). For the whole of 1977-78 profit fell from £35.85m to £32.61m. Then there had been a major change with the sale of former subsidiary, Generale Alimentaire to the parent group and Sir James *Goldsmith, the chairman, viewed* the performance as satisfactory in the context of a hard year for the food industry overall.

Barrow sale to Tunnel completed

Tunnel Holdings yesterday paid over £10¾m in cash to Barrow Hepburn thereby completing the sale of Barrow's chemical division to Tunnel. The deal is not to be referred to the Monopolies Commission.

Earlier Barrow's shareholders had agreed both to the sale and to the proposal to repay Barrow's loan stock at par.

At the meeting shareholders were told that accountants Whinney Murray were still investigating the irregularities at the hide dealing subsidiary, Schrader Mitchell and Weir. A spokesman for Barrow said that he would be "disappointed if the report were not completed in a few weeks."

NO OFFER FOR LIDSTONE

The Board of Lidstone, the small butchers chain announced yesterday that the approach referred to in the announcement of November 28 has not resulted in general offers being made for the capital of the company.

ABM HOLDERS APPROVE SMITHS PURCHASE

A meeting of shareholders of **Associated Biscuit Manufacturers** yesterday overwhelmingly approved the group's £16.4m takeover of the Smiths crisps and snacks business from *General Foods of the U.S.*

Dr. Keith Bright, ABM's chief executive, said that around 44.5m votes were cast in favour of the deal and only 75,000 votes were against.

He said that around 50 per cent of the eligible votes were cast at yesterday's meeting in Reading and that those voting in favour included Rowntree Mackintosh which hold a near 15 per cent stake in the group.

Dr. Bright added that it appeared that all of ABM's institutional shareholders had supported the deal which had also been well received by the retail trade.

ARBUTHNOT LATHAM

Arbuthnot Latham Holdings has acquired 10,879 ordinary shares in Arbuthnot Insurance Services from Munchener Ruckversicherungsgesellschaft for £543,950—satisfied by the issue of 380,385 new ordinary shares of £1 each in ALH. This takes ALH's holding in AIS up from 66.9 per cent to 77 per cent. *MR will continue to own a 12.8* per cent holding in AIS and as a result of the issue of the new ALH shares will now also hold 5.3 per cent of the enlarged ALH ordinary capital.

THOS. BORTHWICK

Matthews Holdings, a wholly-owned subsidiary of **Thomas Borthwick and Sons**, has acquired the outstanding 10 per cent of the ordinary capital of Thwaites and Matthews not already owned. The price was £40,000, satisfied by 56,339 ordinary 50p shares of Borthwick.

NORWEST HOLST

Mr. R. Slater and Mr. A. J. Lilley, the two executive directors of Norwest Holst who control the company through their private vehicle Dunham Mount Holdings, have consolidated their personal shareholdings with the Dunham stake. The consolidated holding amounts to 58.7 per cent of the equity of Norwest Holst which is currently the subject of a Department of Trade inquiry.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the Sedgwick Forbes/Bland Payne Holdings merger to the Monopolies Commission.

Record new business from UKP

A HIGHLY *successful trading* year is reported by **United Kingdom Provident**, a leading mutual life company, for this year, with pensions business being extremely buoyant. New annual premiums on the pension fund more than doubled to £8.87m *from* £4.28m. The most successful pension contract this year has been the executive pension arrangements, where annual premiums rose from just over £2m to over £5m. The company reports a good increase in self-employed pension contracts with annual premiums about £2m for the year.

Single premium income this year rose to £3.5m from £2.5m, a jump of 40 per cent, with self-employed pension contracts accounting for much of this growth.

Business on ordinary life business remained strong although growth was much less spectacular than for pension business. New annual premiums improved by 14 per cent to £3.73m from £3.26m. The company experienced a demand for short term contracts to cover school fee plans and for contracts on the lives of both husband and wife for mortgage repayment plans.

UKP also announces improved levels of interim reversionary bonus for the second year of its triennium. On life and general annuity fund *business the rate* is lifted to £4.75 per cent per annum of the sum assured or guaranteed annuity plus existing bonuses *from £4.60 per cent previously.* On pension fund business the new rate is £5.20 per cent compound against £5.10 per cent.

The terminal bonus rate payable on death, maturity or vesting remains at the current level of 10 per cent of all attracting bonuses, including interim bonus, at the time.

The company states that the substantial financial strength of the life funds have enabled it to finance both a higher than average new business growth and an impressive property development programme. Assets under management now exceed £350m. Most of the property developments are either producing income or are nearing completion. The increased rates of interim *bonus reflect the successful investment strategy.* The next triennial bonus declaration will relate to the three years to December 31, 1980.

Yesterday it announced the sale of one property for £580,000, which will provide net proceeds of £430,000 after the cost of removing plant and fittings.

The money will be used to reduce bank borrowings which at the last balance sheet date amounted to £1.2m.

Woodhouse & Rixson cuts borrowings

Now that it has run down its loss making flange operations, **Woodhouse and Rixson**, the East Midlands engineering group, has been able to dispose of surplus property.

H. J. Heinz dips £168,000 at six months

TAXABLE profit of **H. J. Heinz Company**, the wholly-owned UK subsidiary of H. J. Heinz of the U.S., slipped £168,000 to £7,461,000 in the half year to October 28, 1978. Sales by the group, which manufactures, processes, grows and distributes food, were up at £110.2m against £107.3m.

After tax of £3,927,000 (£3,916,000) the net surplus was down from £3,713,000 to *£3,534,000 for earnings per £1* share of 16.7p (17.5p).

DAVY INTERNL.

As from January 1, Head Wrightson Process Engineering (Thornaby Division), together with Davy Ashmore International, and Davy Powergas (Non Ferrous Metals Division), will be formed into a new company called Davy International

Occupations offering early retirement

FOR THOSE wishing to leave work before the normal retirement ages, the latest pensions newsletter from Towry Law, the insurance broker and personal financial planner, lists some of the occupations which offers an early exit. Moreover, this opportunity has the approval of the Inland Revenue which approves unusual "Normal Retirement Ages" for many types of employment.

Professional footballers and rugby league players are considered special cases and are allowed a normal retirement age of 35 years, while cricketers are expected to last another five years. In the City, foreign exchange dealers are considered to have suffered long enough by the time they reach 55, while "Advertising Executives (Creative)" are given the same measure of sympathy and can also retire at that age.

Normal retirement ages, as defined for self-employed retirement annuities, also show some interesting variations. Jockeys, racing drivers, boxers, wrestlers, tennis players and footballers can collect at the age of 50. In the same age categories are *professional croupiers,* saturation and deep sea divers and ITV Newscasters. Air pilots, singers, distant trawler skippers, inshore fishermen and free swimming divers have to go on until they reach 55.

Mr. Stanley Jackson, the managing director of Towry Law (Pension Services), also discusses the question of deferring retirement in order to create the largest possible "tax free" benefit when considering Capital Transfer Tax.

Staflex deficit put at £19m

There is no chance of salvaging anything for shareholders of Staflex International, the collapsed fusible interlining specialist.

At yesterday's winding up meeting shareholders were told that the deficit on shareholders' funds was estimated at £19.4m, of which £15.4m was owed to unsecured creditors.

Mr. Jordan of Cork Gully and Mr. Mackie of Whinney Murry were appointed joint liquidators. They have already begun to assemble the viable assets into a package for possible future sale.

ALLIANCE ASSETS OVER £1.4BN

The Alliance Building Society is paying interest totalling £41,405,541 to its 610,031 investing members for the half-year to December 31, 1978. The number of investing members has increased by over 45,000 since December, 1977.

The assets of the Alliance now exceed £1.4bn.

Results due next week

The holiday season seems loath to end for Tuesday can only muster one Board meeting. However, it could be an interesting one. **Thos. W. Ward**, which has just had a tussle with Tunnel, is due to report full year figures. Analysts are expecting pre-tax profits of around £10½m to £11m (against £7.6m), following the chairman's interim statement that the *closing six* months should better the half time profit of £4.7m.

The figures aside, the market would be very interested to know what plans Ward has for its near 30 per cent stake in Tunnel. Having been defeated in its attempt to stop Tunnel taking over part of Barrow Hepburn, Ward mus *the feeling* some concern at its lack of ability to influence its associate.

Wednesday remains quiet. Luton-based **Camford Engineering** is due to report its preliminary results and **Wilson Walton Engineering** is expected to reveal its half time figures. The latter, which specialises in offshore and marine engineering, came to the market in 1976 with an offer raising £3m. The issue, which was the equity market's first for two-and-a-half years, was unsuccessful and left two-thirds of the shares with the underwriters. Profits progress since then has been steady though the *chairman has warned that delays* in the commencement of a number of contracts could cause a setback this year.

Wednesday should also see half time figures from **Somportex** the food distributor. Somportex recently made headlines when two significant errors were found in the recent figures. Deferred *tax* provisions were underestimated and a major creditor's invoice omitted. Pre-tax profits were restated — down from £237,000 to £163,000 against £76,000 the year before. The half time report from **Technology *Investment Trust*** is expected.

On Thursday full year figures are due from **Bond Street Fabrics** and ***Birmingham Pallet Group.*** Both companies have given some indication of the second half. At Bond Street half time profits jumped from £151,000 to £248,000, however, because of the problems in double jersey knit, the directors warned that the full year may well be down on the previous twelve months' £441,231. Birmingham Pallet's directors have said that second half profits should be similar to the £121,000 of the first half. Last year the company made £142,000 for the year.

Half-time figures are expected from **British Cinematograph Theatres** — operator of a cinema in Golders Green *and retailer of* photographic equipment; **Hollis Bros. and ESA**—one of the smaller timber importers where profits last year dipped from £2.21m to £1.56m and engineer F. H. Tomkins.

Also on Thursday comes **Fodens**. In the past full year Fodens beat its forecast made *when fending off the Rolls-Royce* bid and produced pre-tax profits of £2.84m compared with £1.76m. But last July the chairman was making some cautious noises about this year. U.K. activity was continuing buoyant, he said, but exports were slow and there was a gap in deliveries of specialised vehicles. The first-*half results next week will reflect* these factors, though hopes were expressed for a good second half. This time last year Fodens reported profits of £1.28m.

Linfood will report its half-time profits on Thursday and the market is not looking for anything impressive. After financing costs, Wheatsheaf is unlikely to make much of a contribution, if anything, and the price war will have hit its own retail outlets and dented its wholesaling and cash-and-carry trade. Half-time profits could be £2m against £2.95m for Linfood alone. However, the second half is expected to show a recovery with full-year profits around £7¾m to £8m.

Closing the week comes full year results from Kettering based **J. F. Nash Securities**, the industrial holding company headed by Mr. John Nash. At the half way stage profits were £166,000 against £141,000. Clothing manufacturer **Robert H. Lowe** will also produce its full year results.

The major result on Friday comes from the **Howden Group.** However the half time figures for Howden tend to be fairly meaningless as most of the profits are taken in the second half. During the past five years interim profits have been between £1.5m and £1.6m though the full 12 months have advanced *by some £1½m.* The market is not expecting interim profits to be very different this time round.

Also on Friday **Stead and Simpson** and **Stavert Zigomala** are expected to product half time results.

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	12	½-year	250	3-7
Barking (01-592 4500)	11⅞	½-year	1,000	4-5
Barking (01-592 4500)	12⅛	½-year	5,000	4-6
Knowsley (051 548 6555)	12½	½-year	1,000	8-10
Manchester (061 236 3377)	12	½-year	500	5
Poole (02013 5151)	11¾	½-year	500	2-3
Poole (02013 5151)	12¼	½-year	500	6-7
Poole (02013 5151)	12¼	½-year	500	5
Redbridge (01-478 3020)	12	½-year	200	4-5
Sefton (051 922 4040)	12	½-year	2,000	3-7
Wrekin (0952 505051)	12¼	yearly	1,000	5-10

THE WEEK'S COMPANY NEWS

Take-over bids and mergers

In common with other areas of the Stock Exchange, activity on the Bids and Deals front has remained at a low ebb. No new bids have materialised, but dealings in the shares of loss-making engineering concern Anglo-Swiss Holdings were suspended on news that an offer *might be* forthcoming.

Major deals announced included the successful conclusion, following the requisite UK and Canadian consents, of the offer, worth about £23m, by Ultramar for Canadian Fuel Marketers, a subsidiary of Shell Petroleum and, in an up-market expansion move, BSR, the world's leading manufacturer of record turntables with interests also in audio systems and magnetic cartridges, is paying £4m for the U.S. audio concern, DBX.

Dalgety, international merchants, has sold its Australian wine and spirits division to Seagram (Australia) for an undisclosed sum reckoned to amount to £7m cash. Seagram (Australia) is a subsidiary of Seagram of Canada, one of the world's largest producers and marketers of distilled spirits and wines.

The Dawson International share and cash offer for John Hagges attracted acceptance in respect of 93.3 per cent, remains open and is conditional only on the offer not being referred to the Monopolies Commission.

Bid talks involving insurance broker Brentnall Beard were terminated following the withdrawal of the unnamed suitor and Brentnall is to "restructure" its Canadian interests which contributed nearly 40 per cent of group profits until this year when profits dropped by 60 per cent.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Algimate	385*	365	309††	21.01	Merck Inc.	—
Bambergers	78½§§	76	88	7.56	Intl. Timber	—
Cedar Hldgs.	26*	24	19	9.60	Lloyd & Scot.	—
City of Aberdeen Land	103½*	100	87	0.93	Scot. Western Trust	—
City Hotels	196§§	183	126††	5.88	Comfort Intl.	—
English Property	37*	37½	36½	23.35	Wereldhave	—
Gibbons (Stanley)	303§§	300	228††	18.58	Letraset	—
Haggas (John)	198§§	193	181	24.68	Dawson Intl.	—
Kean & Scott	10*	25††	12	0.04	Unknown	—
Leisure Caravan	143*	158	112½††	19.9	Rank Org.	—
Myddleton Hotels	300*	295	315	4.41	Ladbroke	—
Peerage of Birmingham	69§§	67	54††	2.26	Ferguson Industl. Holdings	—
Plantation Hldgs.	64*	65	64	12.89	Multi-Purpose	—
Randalls	118½§§	108	96	3.02	Whitecroft	—
Sabah Timber	69½§§	69	34	12.07	Harrisons & Crosfield	—
Tridant Group Printers	100*	100	84	4.38	Argus Press	29/11
Turner Curzon	8*	8	11¼	1.74	S. W. Berisford	—
Warne Wright & Rowland	64§§	64	53	6.58	B. Priest	—
Warwick Eng.	41*	41	40	2.46	Mr. N. Gidney	—
Westinghse. Brake	95†	89	82	40.5	Hwkr. Siddly.	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 28/12/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 29/12/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Brunner Inv.	Nov.	676†	(589)	4.1	(3.6)	4	(3.6)
Reliant Motor	Sept.	106	(229)‡	0.1	(0.6)	Nil	(Nil)
Vectis Stone	Sept.	539	(404)	6.1	(5.4)	1.7	(1.5)

INTERIM STATEMENT

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
S. Hoffnung	Sept.	880	(1,520)	1.5	(1.5)

(Figures in parentheses are for corresponding period)

* Adjusted for any intervening scrip issues. † Net revenue. ‡ For 7 months.

Scrip Issue

Vectis Stone: One-for-one.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.390	15	0.60	—	—	—	—	F.389.50
AKZ	F.30	5	0.50	—	—	—	—	F.28.50
AKZ	F.32.50	—	—	4	1.20	4	1.40	"
ARB	F.73.90	4	2.10	—	—	—	—	F.74.80
EK	$60	20	2⅛	—	—	—	—	$60⅛
FNO	$25	2	⅛	—	—	2	2⅛	$23⅛
HO	F.32.50	—	—	1	5	—	—	F.34.90
HO	F.35	2	1	—	—	—	—	"
HO	F.37.50	—	—	2	2.40	5	3.50	"
HO	F.45	—	—	6	0.40	—	—	"
IBM	$280	7	27	6	52⅛	—	—	$308⅛
IBM	$300	14	10	2	19	1	27	"
KLM	F.120	47	2.20	—	—	2	11.50	F.119
KLM	F.130	10	0.40	—	—	—	—	"
KLM	F.150	—	—	2	0.60	—	—	"
KLM	F.150	—	—	10	0.50	—	—	"
NN	F.108.90	5	2.50	—	—	—	—	F.110.80
NN	F.110	—	—	5	7	—	—	"
PHI	F.22.50	55	2	—	—	—	—	F.24.20
PHI	F.25	40	0.40	24	1.50	14	2	"
PHI	F.27.50	—	—	20	0.60	—	—	"
PHI	F.30	—	—	17	0.40	—	—	"
RD	F.120	23	1.60	—	—	10	7.50	F.119
RD	F.130	—	—	—	—	15	3	"
RD	F.140	—	—	15	0.80	—	—	"
UNI	F.110	1	11	—	—	—	—	F.120.20
		Feb.		May		August		
BA	$80	—	—	2	6⅞	2	8	$73¼
SLB	$90	1	8⅝	—	—	—	—	$94⅛
SLB	$100	—	—	5	5⅝	—	—	"
TOTAL VOLUME IN CONTRACTS						419		

APPOINTMENTS

Personnel director for Shell U.K.

Mr. T. W. Cain has been appointed personnel director for SHELL UK from January 1 in succession to Mr. P. S. Linklater. Mr. P. S. Linklater has resigned his directorships in Shell UK and Shell Research to devote more time to his interests in the relationships between industry and education, in which area he will continue to act as a Shell consultant.

★

Mr. T. P. Noble has been appointed deputy managing director of LYLE SHIPPING COMPANY.

★

Mr. W. G. Jelley retires as deputy chairman of the L.R.C. INTERNATIONAL group of companies and his directorships of subsidiary companies. He remains a non-executive director of LRC International.

★

Sir John Hogg, deputy chairman of GALLAHER, retires from that Board tomorrow and from the Board of Gallaher International. He will remain on the Gallaher Pensions Board.

★

Mr. D. H. S. Forsyth, having reached retirement age, has resigned as a director of SCHRODERS and J. HENRY SCHRODER WAGG AND COMPANY.

★

Mr. Roy McLeod has been appointed a director of GRINDLEY BRANDTS INSURANCE BROKERS with responsibility for UK industrial and commercial business.

★

Mr. W. F. C. Gibson has been appointed manager of BRITISH TRANSPORT SHIP MANAGEMENT (SCOTLAND), the British Rail company which operates the Stranraer/Larne Sealink Scotland shipping route. He succeeds Mr. John F. Sanderson who recently took over as shipping services manager, Dover.

★

Mr. Frank Yates is to be appointed financial director of SPEAR AND JACKSON in succession to Mr. Derek Stoddard who resigns with effect from January 31, 1979, to take up a new appointment.

★

Mr. Peter F. Steadman has been appointed chief executive of the engineering products division of NEWMAN INDUSTRIES.

★

Professor R. F. Curtis has been appointed deputy chairman of the FOODS STANDARDS COMMITTEE for January 1 to July 31, 1979, and therefore as chairman until December 31, 1981. He will succeed Professor A. G. Ward, who will be retiring from the chairmanship in July 1979.

★

HILLARDS has appointed **Mr. Keith Broadbead** as secretary from January 1. Mr. David Fleming, who has combined the posts of financial director and secretary, will continue as financial director.

★

Sir Ian Morrow succeeds Mr. G. C. D'Arcy Biss as chairman of UKO INTERNATIONAL on January 1. Mr. Ronald Hooker is appointed deputy chairman. Mr. John Still continues as chief executive of the catering equipment group and Mr. Andrew Blakesley becomes chief executive of the opthalmic group. Mr. Brian Wood joins the Board as finance director.

★

SILHOUETTE (SALOP), the principal operating subsidiary of Silhouette (London) has been reorganised. From January 1, production and contract work will become the responsibility of Silhouette (Midwest), while Silhouette (Salop) continues to be responsible for branded marketing. The Silhouette (Salop) Board will consist of: Mr. T. Blumenau (chairman), Mr. F. C. Belok (managing director), Mr. G. H. Sigler (deputy managing director), Mr. G. J. Bardsley, Mr. G. J. Caine, Mr. C. J. Wells and Mr. R. M. York.

The Silhouette (Midwest) Board will comprise: Mr. T. Blumenau (chairman), Mr. F. C. Belok (managing director), Mr. G. Gilliver (deputy managing director), Mr. G. H. Sigler, Mr. E. C. B. Allen, Mr. P. D. Heron and Mr. M. G. Parry.

★

Mr. Roy W. Haynes, managing director of the Garlaine subsidiary, has been appointed a director of SELINCOURT from January 2. At the same time Mr. Dick Cole, formerly chairman of Courtaulds' Furzebrook Knitting subsidiary, takes up a full-time appointment as deputy managing director. Mr. Lewis Lurie retires from the board.

★

Professor John S. Marsh has been made a member of the POTATO MARKETING BOARD for three years from January 1.

★

Mr. Ray Phillips is appointed sales director of UNITED LUBRICANTS (FUEL OIL) and its subsidiary, U.B.H. (MECHANICAL SERVICES) on January 1.

★

Mr. Frank Steele has been elected to the Board of CLUFF OIL from the beginning of next year.

★

Mr. John M. Schramek has been promoted to corporate vice-staff-president—financial planning and analysis, for ROCKWELL INTERNATIONAL CORPORATION, Pittsburgh, U.S.

★

Mr. S. J. Grimble has joined SEAMAL OIL as a senior Broker. He previously held a similar position in Lambert Bros. Oil.

★

The Boards of directors of REPUBLIC NEW YORK CORPORATION and Republic National Bank of New York elected Mr. John A. Waage as chairman of the Board of both the Corporation and the Bank. He succeeds Mr. Peter White. Mr. Waage had been vice-chairman of the Boards of Manufacturers Hanover Corporation and Manufacturers Hanover Trust Company since 1976.

★

Pentos Retailing, a wholly-owned subsidiary of Pentos Publishing and Bookselling Group, has become a direct subsidiary of Pentos and changed its name to PENTOS BOOKSELLING GROUP. It will be an operating group in its own right responsible for the entire bookselling activities of Pentos. Main subsidiary companies of Pentos Bookselling Group will be Hudsons Bookshops, Dillons University Bookshops, Hodges Figgis, and the recently acquired Sisson and Parker and F. F. Allsopp. The Board will consist of Mr. T. A. Maher (chairman), Mr. W. P. Hornby (chief executive), Mr. C. C. Gregory, Mr. H. K. I. Burchell, Mr. J. B. Davey, Mr. P. R. Grey, Mr. J. Hudson, Mr. I. C. Miller, Mr. R. G. Paton and Mr. J. L. Scott.

Pentos Publishing and Bookselling Group has changed its name to PENTOS PUBLISHING GROUP and will be responsible for the publishing activities of Pentos. Main subsidiary companies will be Ward Lock, Ward Lock Educational, Marshall Morgan and Scott, Hollen Street Press, World and Whitman, Sendle Brothers and Cranford Distributors. The Board will consist of Mr. T. A. Maher (chairman), Mr. M. Raeburn (chief executive), Mr. C. C. Gregory, Mr. W. C. Holland, Mr. P. G. Lock, Mr. D. M. Payne, Mr. R. B. Royce, Mr. P. T. W. Smith and Mr. M. M. Thomas.

★

Mr. Keith M. Burgess, previously sales manager, has now been appointed the first sales director of CANDY DOMESTIC APPLIANCES of Guildford.

Economic Diary

MONDAY — Government subsidies to option mortgages cut from 34 to 33 per cent. Rise in price of UK newsprint by 8.5 per cent. British Overseas Trade Board increases charges for a range of its export services. Introduction of new £75,000 premium-bond prize.

TUESDAY—Mr. Malcolm Fraser, Australian Prime Minister, and Mr. Andrew Peacock, Foreign Minister, expected to meet President Carter and Mr. Cyrus Vance, American Secretary of State, in Washington.

WEDNESDAY — Treasury announces UK official reserves for December. Bank of England figures on capital issues and redemptions during December. Department of Industry statistics on investment intentions of the manufacturing, distributive and service industry (1979 and 1980). Sig. Emilio Colombo, President of the European Parliament, begins official five-day visit to China.

THURSDAY—Access bank credit card interest rate increase. Mrs. Margaret Thatcher, Conservative Party Leader, officially opens International Boat Show, Earls Court. Department of Employment Gazette will include unemployment (November—final); employment in the production industries (October); overtime and short-time working in manufacturing industries (October); and stoppages of work due to industrial disputes (November).

FRIDAY—Mr. James Callaghan, UK Prime Minister, meets President Valery Giscard d'Estaing of France, President Jimmy Carter, of the U.S., and Chancellor Helmut Schmidt, of West Germany, in two-day summit meeting on the French Caribbean island of Guadeloupe: discussions expected to cover the Strategic Arms Limitation Talks between the U.S. and Soviet Union, disarmament, and the Middle East and European situations.

Wall St. mixed in active trade

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—81¼% (83%)
Effective \$2.0415 42¾% (42¼%)

CAUGHT IN the cross-currents of year-end tax selling and portfolio window-dressing, Wall Street stocks fluctuated within a narrow range yesterday before finishing on a mixed note after an active trade.

The Dow Jones Industrial Average closed a maginal 0.95 easier at 805.01 for a loss on the week of 3.46. The NYSE All Common Index shed 6 cents more to \$53.62, leaving a decline on the week of 15 cents. Yesterday's gains, however, slightly outscored losses by 801 to 758, while trading volume expanded to 30.03m shares from Thursday's total of 25.44m.

Analysts said concern about unrest in Iran persisted but favourable news on Thursday regarding trade, the economy and the money supply was aiding sentiment.

On Thursday, the Commerce Department reported a narrowing of the November trade deficit and a fall in the November index of leading economic indicators. The market had been hoping for some sign ofa cooling of the economy to take upward pressure off prices and interest rates.

Another bullish factor was the minimal rise in the basic money stock, reported late the previous day by the Federal Reserve. Newton Zinder, of E. F. Hutton and Co., said the report suggests the Fed may have finally brought the money stock "under control and may not have to do much more tightening."

Among the actives, **Eastern Air Lines** were unchanged at \$8½. It has arranged part of the financing for and formalised its \$50-a-share bid for **National Airlines**, which climbed 1⅛ to \$37¼.

Active **Pan-American World Airways**, which had reached an agreement with National on a merger at \$41 per National share, slipped ¼ to \$6½. **Texas International**, also seeking control of National, advanced 1¼ to \$11⅞ in active American SE trading.

Ashland Oil put on ⅜ to \$50⅝. **Johns-Manville** reported the opening of preliminary talks on the possible purchase of some oil and gas properties owned by an Ashland subsidiary. Johns-Manville were unchanged at \$22⅜.

B. F. Goodrich gained \$⅝ to \$17⅜. The company has forecast higher 1978 profits despite an expected \$3m to \$4m fourth-quarter write-off.

IBM, strong of late, reacted \$5⅞ to \$298¼, while **Boeing** lost \$1⅞ to \$71¼ and **Eastman Kodak** \$1¼ to \$58¾.

THE AMERICAN SE Market Value Index regained 1.14 to 150.56 on a heavy volume of 6.42m shares (4.46m).

Imperial Oil "A" aded \$¼ at \$21¼. It is to begin a \$60m pollution control programme at its Nova Scotia refinery.

CANADA — Widespread fresh gains occurred yesterday morning in moderate activity. The Toronto Composite Index improved 4.0 more to 1,304.9 at noon, while Oils and Gas put on 6.6 to 1,840.3, Golds 3.8 to 1,432.6, Banks 2.73 to 307.40 and Utilities 1.95 to 198.42.

Commerce Capital, subject of a C\$9 per share takeover bid, rose ¼ to C\$8⅝.

Alberta Gas "A" receded ⅜ to C\$14¼ after stating that decisions by the Public Utilities Board will affect earnings and cash flow.

PARIS—Shares picked up over a wide front in a thin business.

Brokers said the firmer trend was due to technical factors as well as to the belief expressed by Yves Flornoy, president of the Stockbrokers' Association, that the Paris Bourse will experience another good year in 1979.

Foods, Electricals and Metals were mixed and Oils easier, but other sectors pointed higher.

Significantly firmer at the close were **Locafrance, CIT-Alcatel, Pricel, Cie du Nord, Mumm, BSN, Paribas, Peugeot-Citroen, L'Oreal, Bouygues, Kleber, Poclain, Borel, Nouvelles Galeries, Chiers-Chatillon, Air Liquide and BIC.**

JOHANNESBURG — Diamond leader **De Beers** finished 10 cents *higher at R8.50, after reaching* R8.55, on further London and New York overnight interest, making a rise over the shortened week of 45 cents. Dealers attributed the advance to an announcement expected around January 10 on Central Selling Organisation 1978 results.

Gold shares tended to ease a shade on lack of interest ahead of the long weekend, but Collieries improved afresh on expectations of benefiting from Iranian and local petroleum supply troubles. Coppers put on a few cents, while Industrials were little changed in thin trading.

HONG KONG — With sentiment still upset by the rise in local interest rates, announced on Thursday, and concern about the political tension in Iran, stocks tended to drift easier yesterday in another quiet trade. The Hang Seng index shed 4.58 more to 495.51.

Hong Kong Bank lost 10 cents to HK\$17.50, as did **Swire Pacific "A"** to HK\$7.45, while **Jardine Matheson** shed 20 cents to HK\$11.60.

China Light receded 20 cents to HK\$20.30, **New World** lost 6 cents to HK\$1.90 and **Sun Hung Kai Properties** 10 cents to HK\$6.25.

AUSTRALIA — Markets remained firmer-inclined in light trading.

Among Uraniums, **Pancontinentals** gained 20 cents to A\$9.80, **Kathleen Investments** 10 cents to A\$2.85 and **Peko-Wallsend** 6 cents to A\$5.66.

Diamond stocks also met support and mostly improved, but **Metana** and **CRA** shed 2 cents apiece. Elsewhere in Minings, **Renison Tin** was a dull spot, receding 20 cents to A\$8.60.

CSR put on 4 cents to A\$3.34, while in Banks, **CBA** added 5 cents at A\$2.60.

Indices

NEW YORK —DOW JONES

	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
● Industrials	805.01	805.96	808.56	816.01	808.47	794.78	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	84.54	84.71	84.88	84.85	84.81	84.92	90.66 (4/1)	84.54 (29/12)	—	—
Transport.	206.56	205.86	208.76	211.18	208.46	204.42	261.49 (2/3)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.24	98.14	98.00	98.51	98.21	97.77	110.98 (5/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	30,030	25,440	25,580	21,470	23,780	26,700	—	—	—	—

● Day's high 812.20 low 800.50

Ind. div. yield %	Dec. 22	Dec. 16	Dec. 8	(Year ago approx
	6.00	6.02	5.97	5.64

STANDARD AND POORS

	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	107.21	107.41	107.85	108.89	107.40	105.48	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	96.11	96.26	96.66	97.52	96.31	94.71	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Dec. 27	Dec. 20	Dec. 13	Year ago (approx.)
Ind. div. yield %	5.10	5.21	5.14	4.90
Ind. P/E Ratio	8.74	8.55	8.64	9.13
Long Gov. Bond yield	8.92	8.95	8.84	8.02

N.Y.S.E. ALL COMMON

Dec. 29	Dec. 28	Dec. 27	Dec. 26	1978 High	1978 Low
53.62	53.68	53.80	54.56	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Dec. 29	Dec. 28	Dec. 27
Issues Traded	1,972	1,957	1,943
Rises	801	461	451
Falls	758	1,043	1,037
Unchanged	413	453	455
New Highs	10	4	7
New Lows	110	102	78

MONTREAL	Dec. 29	Dec. 28	Dec. 27	Dec. 23	1978 High	1978 Low
Industrial	217.85	217.77	216.62	216.54	222.14 (11/10)	162.90 (16/2)
Combined	224.78	223.74	222.64	222.48	225.81 (13/10)	170.62 (30/1)
TORONTO Composite	1310.0	1300.1	1295.8	1298.5	1382.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	(u)	254.2	250.9	249.8	272.0 (14/8)	186.0 (20/4)
JOHANNESBURG Industrial	(u)	298.7	268.2	270.9	281.9 (1/11)	194.- (15/3)

	Dec. 29	Previous	1978 High	1978 Low
Australia(¶)	542.05	542.41	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	(c)	98.01	101.16 (6/6)	90.43 (23/8)
Denmark(**)	(u)	88.96	98.96 (14/6)	88.08 (30/10)
France (††)	77.1	76.1	85.0 (4/10)	47.6 (3/3)
Germany(‡‡)	(c)	817.20	863.8 (19/10)	769.4 (17/3)
Holland (§§)	80.7	80.7	83.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	495.51	500.09	707.70 (4/8)	323.4 (13/4)
Italy (‖‖)	68.63	68.89	83.35 (26/9)	56.45 (10/1)
Japan (a)	(c)	448.55	452.60 (13/12)	364.04 (4/10)
Singapore(b)	349.16	346.71	414.60 (8/9)	252.0 (9/1)

	Dec. 29	Previous	1978 High	1978 Low
Spain (d)	89.37	88.35	110.78 (9/6)	87.62 (17/3)
Sweden (c)	361.61	361.15	405.00 (4/7)	326.74 (3/1)
Switzerld (f)	(c)	282.2	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	325,800	8	+⅛
Occ. Pet.	317,800	15¼	−⅛
Chrysler	316,400	8⅝	—
Sears Roebuck	308,500	19⅞	−⅛
Texaco	285,300	23⅞	−⅛
R. L. Burns	282,600	2⅞	+⅛
White Motor	277,000	7½	+⅛
Eastern Air L.	250,500	8½	—
Pan-Am. Awys.	239,900	6½	−¼
U.S. Steel	214,100	21¼	−⅛

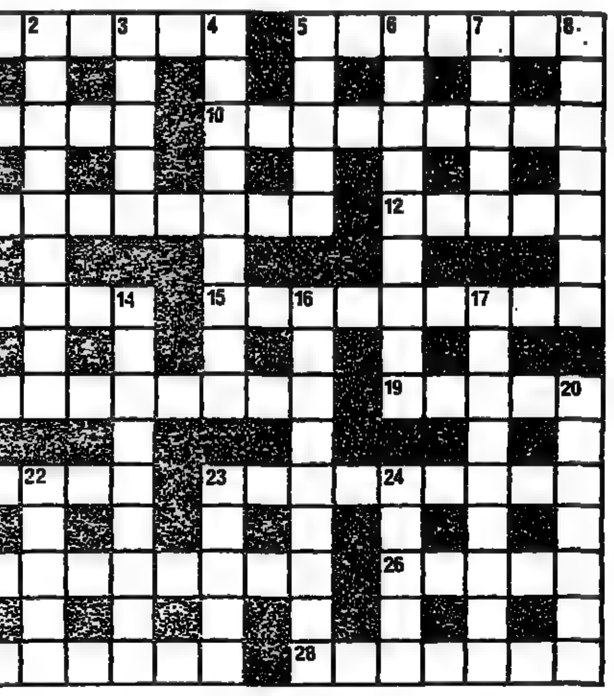
F.T. CROSSWORD PUZZLE No. 3,859

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



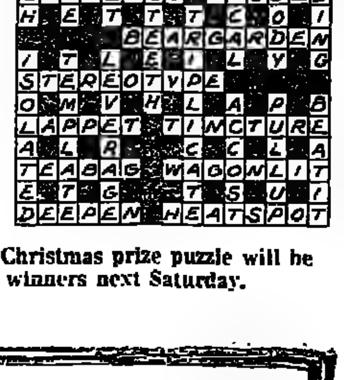
ACROSS

1 *Drink to part of combination* (7)
5 The first two letters should produce reflection (7)
9 Month on the Queen Elizabeth can be a bore (5)
10 Intelligence to pursue reporter (9)
11 Extinct even when quite flat (4, 5)
12 Sculptor takes some stick at home (5)
13 Cattle food beheaded stranger (5)
15 Drunken state of forecasts on one Scots loch (9)
18 Old woman free to study when troubled in the mind (9)
19 Furnish as new? Do have a change (5)
21 Cliff is kidding (5)
23 Just the things we say in flattery (4, 5)
25 Allowable error in live and let live principle (9)
26 Express love in wickedness (5)
27 Unstable baby to note on railway (7)
28 Simon's beginning to encourage doctor (7)

DOWN

1 Like this repeated by unspecified person (2-3-2)
2 Fiercely competitive pet to consume another (3, 3, 3)
3 Girl going for a song (5)
4 Tear about egg-shaped until done up (9)
5 Drag along the Spanish dryer (5)
6 White rose developed differently (9)
7 Narcotic turns up with ring inside fruit (5)
8 The ebb and flow of information (7)
14 Strengthen check on power (9)
16 Writer on Northern Ireland is to a smaller extent broke (9)
17 Drink made by church official? (5, 4)
18 Dress at home that's natural (7)
20 Film the two of us on the back (7)
22 One in France allowed to be vacant (5)
23 Imagine being decorated (5)
24 Start to give way on getting hand signal right (5)

Solution to Puzzle No. 3,858



The solution of last Saturday's Christmas prize puzzle will be published with names of winners next Saturday.

RACING — BY DOMINIC WIGAN

Class should carry Dramatist through

DRAMATIST, whose defeat by Night Nurse in Ascot's Killiney Novices Chase surprised many experienced racegoers who felt that a 13 lb advantage would give him the edge over the dual Champion hurdler, reappears this afternoon at Newbury.

Fulke Walwyn's charge, twice a winner over hurdles on the Berkshire course, makes his second appearance over fences in the opener, the Wantage Novices Chase.

If, as seems certain, Dramatist is all the better for that first public experience over fences, his class should carry him through.

Three oppose him—Spider Man, Sweet September and Tonedale — and Tonedale, a lucky 66-1 second to Koiro Scott in Cheltenham's Bath Novices Chase, looks to be the one for forecast purposes.

The absence of Grand Canyon and Prousto has taken some of the gilt off the well-endowed L'Oreal Hurdle, but the two-mile handicap should still prove worth watching. Last year's winner, Pinchow carries top weight of 11 st 7 lbs, and will be trying to concede between 3 and 21 lbs to 11 opponents, including Western Rose, Rodman and Accelerate.

Pinchow, the eight-lengths conqueror of Prince Pepe 12 months ago, has 17 lb more to carry this time and I doubt if he will prove quite good enough to concede 19 lb to Nicky Henderson's Accelerate, who won his first race last season.

Another high-class performer bidding to repeat a success of a year ago is Tim Forster's Master Spy, who, as with Pinchow, has gone up in the weights for his event, the Mandarin Chase.

Master Spy, the seven-lengths conqueror of Arctic Heir in last year's race, in which he lost ground at several fences through veering to the right, seems sure to go well without, perhaps, being good enough to give 10 lb to the year younger Tommy Joe.

Tommy Joe, from Tony Dickinson's in form stable at Gisburn, Lancs., proved far too good for Caldbeck over three miles, three furlongs at Ayr on his only previous appearance this season.

I expect Tommy Joe's somewhat erratic stable-mate, Santon Brig to provide the chief threat to Dyscole's narrow Ascot victim, Count Kinure, in the Old Year Chase.

NEWBURY

12.30—Dramatist**
1.00—Willow Brook
1.30—Accelerate***
2.00—Tommy Joe
2.30—Count Kinure*
3.00—Doddington Park

SPAIN ♥

December 29	Per cent	
Asland	122	+ 4
Banco Bilbao	286	—
Banco Atlantico (1,000)	243	—
Banco Central	286	—
Banco Exterior	280	+ 4
Banco General	237	—
Banco Granada (1,000)	143	—
Banco Hispano	231	xd
Banco Ind. Cat. (1,000)	165	—
Banco Madrid	213	—
B. Ind. Mediterraneo	187	—
Banco Popular	262	—
Banco Santander (250)	327	—
Banco Urquijo (1,000)	258	—
Banco Vizcaya	231	+ 4
Banco Zaragozano	232	+ 2
Bankunion	147	+ 3
Banus Andalucia	167	—
Babcock Wilcox	25	—
CIC	105	—
Dragados	170	+ 3
Inmobanif	73	+ 4
E. I. Aragonesas	85	+ 1.50
Espanola Zinc	99	—
Expl. Rio Tinto	51.50	+ 0.50
Facsa (1,000)	62.50	+ 1.50
Fenosa (1,000)	57 xd	—
Gal. Preciados	43	+ 3
Grupo Velazquez (400)	165	—
Hidrola	63	+ 1.50
Iberduero	66.50	+ 2.50
Olarra	71	+ 1
Papeleras Reunidas	40	− 1
Petroliber	112	—
Petroleos	149	—
Sarrio Papalera	[illegible]	—
Sniace	48.50	—
Sogefisa	127	—
Telefonica	72	+ 3
Torras Hostench	75	+ 4
Tubacex	66	− 4
Union Elec.	85.75	+ 2.50

BRAZIL

Dec. 28	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.81	−0.01		14.81
Bancodo Brazil	1.73	+0.01		9.24
Banco Itau PN	1.58		.37	23.41
Belgo Mi'eira OP	0.86	−0.05	0.08	9.30
Lojas Amer O.P.	3.15	+0.10		6.34
Petrobras PP.	1.88	+0.12		6.91
Pirelli OP	1.40	+0.05		11.42
Souza Cruz OP.	2.00			11.00
Unip PE	5.60	+0.01		4.46
ValeRioDoce PP	1.04			17.30

Turnover Cr.95 2m Volume 55 5m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude \$ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas. 500 denom. unless otherwise stated. ♣ Kr. 100 denom. unless otherwise stated. ♦ Frs 500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

CANADA

GERMANY ◆

PARIS

STOCKHOLM

BRUSSELS/LUXEMBOURG

COPENHAGEN ♣

SWITZERLAND ♦

MILAN

OSLO

AUSTRALIA

TOKYO ¶

Source Nikko Securities, Tokyo

VIENNA

AMSTERDAM

JOHANNESBURG

Securities Rand \$U.S.0.65
(Discount of 43.5%)

هكذا من الأصل

State cash for Babcock Espanola

MADRID — The government has granted a loan of Pta 2.2bn ($31.5m) to Babcock Wilcox Espanola, Spain's largest producer of capital goods, to give the company more time to sort out its troubled financial affairs.

Details of the loan, to be paid back over 12 years at 10 per cent interest, were published in Spain's Official Gazette. The company, founded early this century as part of an international consortium in which the British Babcock Wilcox held 10 per cent of the shares, is now wholly Spanish-owned. It makes tubing, boilers, railway equipment, nuclear components and heavy machinery such as cranes and boomed during the 1950s and 1960s, but was badly hit by recession after the big oil price rise in 1973.

By 1977 it was losing $36m a year and strikes occurred after it failed to pay wages. Its 5,200 employees are now working on half time due to lack of orders. The company made a court application last February for a moratorium on debts of $225m.

Last June the company agreed with the government on a rescue package involving injection of Pta 5bn and a reduction of one-fifth in the group workforce. At the time it was not clear whether Babcock and Wilcox U.K. would be taking part in the scheme. The U.K. company wrote off the 10 per cent shareholding in Babcock Espanola in its accounts for the last published accounts.
Agencies

CertainTeed

CERTAINTEED Corporation fourth quarter results will include a provision for a net loss from discontinued operations of about $3.5m reports AP-DJ from Valley Forge. The company did not say what its final fourth quarter net would be.

BRASCAN'S BRAZILIAN DEAL

Departure improves dividend outlook

BY ROBERT GIBBENS AND DIANA SMITH

INVESTORS are taking a favourable view of the terms under which Brascan, the Toronto holding company has sold its Brazilian power subsidiary to the Brazilian government agency Electrobras for $380m. Brascan shares reopened yesterday morning at $19.5, up a full three points from the level before trading was halted on Wednesday pending the announcement of the deal.

Some analysts had expected a re-opening at around $20 or more, but most regarded the gain of three points as a sign of strong investor acceptance. Proceeds of the sale are equal to about C$17.20 per Brascan share and existing Canadian investments of Brascan are estimated worth about $10 a share.

Some analysts also expressed surprise that Brascan had been able to negotiate almost immediate repatriation. It took nearly ten years to get one-third of the proceeds of Brascan's 1966 sale of its Brazilian telephones utility back to Canada.

As for Brascan, it will say only that the repatriation will give it a larger dollar equity base and more income available for dividends. There had been "increasing difficulties" in bringing back income from the power subsidiary to Canada.

Brascan has effective control of the big John Labatt brewing group in Canada and interests in resources, particularly oil and gas. It is believed to have accepted a price below book value for its Brazilian power subsidiary in return for the freedom to repatirate the proceeds fully and swiftly for reinvestment in Canada or elsewhere.

Brascan may increase its holding in Labatt, but more significantly step up investment in resources, particularly oil and gas in Canada. "This would be the most likely outlet for the cash in the near term," said one Toronto analyst.

The concession held by the Brascan interests (Light-Servicos de Electricidade) covered Brazil's most heavily populated and industrialised areas, Sao Paulo and Rio de Janeiro, both centres of mushroom growth requiring massive investment in new electricity supplies.

In his statement of motives for the Eletrobras purchase of Brascan's 83 per cent share in Light, Brazil's Energy Minister, Sr. Shigeaki Ueki, maintained that Light had recently been unable to invest the sums required. Thus the quality of its services had deteriorated markedly.

Had this not been corrected, Sr. Ueki said, enormous problems would have occurred in future, and such a situation justified Government intervention.

Moreover, Sr. Ueki explained, the concession contract with Brascan required Light's concession to cease if services were not compatible with public need. But he insisted that the Government had not considered rescinding the contract or seizing Light's concession without due payment.

Light has been investing, but Brazilian electricity officials have claimed that this was more in routine maintenance than in new plant.

Sr. Ueki's statements to the Press during yesterday's announcement of the purchase revealed motives going beyond a concern to improve electricity supplies in the south.

The purchase, he said, fully reverses the situation of 30 years ago, when virtually none of the capital in the national electricity sector was Brazilian. Light, whose relationship with Brazil began 80 years ago with the first power-driven trams in Sao Paulo, is the last remaining foreign concessionaire in the sector.

According to Sr. Ueki, "a fully national electricity sector represents a stockpile of capital larger than the gross foreign debt ($40bn)."

The Bank of Brazil will fund Eletrobras' $380m payment to Brascan.

Sr. Ueki said that Brascan's initial price had been $460m. He denied rumours that the purchase contract required Brascan to invest part of the proceeds of the sale in Brazil.

Our financial staff write: The claims of the Brazilian Government that capital investment by Brascan in Brazil had been insufficient in recent years contrasts strikingly with the figure work unveiled to shareholders of the company at this year's annual meeting in Toronoto.

Over the past ten years, Brascan claimed to have ploughed some $1.5bn into Light. As a result, around 70 per cent of the company's plant was less than ten years old. In 1977, Light's capital programme had totalled $285m or almost a tenth up on the outlay made in 1976.

Air Canada to extend Diners' Club agreement

MONTREAL—Air Canada said it will extend an agreement with Diners' Club Inc., a unit of Continental Corporation, in compliance with a temporary injunction issued in New York District Court.

As previously reported, Air Canada had advised Diners' Club that from January 1 it would cancel its contract with the credit card firm.

Diners' Club, in a civil anti-trust action, is suing Government-owned Air Canada for trebled damages totalling US$30m. The Continental Corporation unit alleges that Air Canada conspired to monopolise the Canadian credit card market and that it attempted to exclude Diners' Club from participation.

Hearings in the case will resume on January 8, Air Canada said.
AP-DJ

New guidelines on dollar lending for Japanese banks

BY RICHARD C. HANSON

TOKYO—the Ministry of Finance (MOF) has laid down new guidelines for Japanese commercial bank participation in medium and long-term dollar loans to foreign borrowers next year. They appear to tighten the official controls substantially the Financial Times learned yesterday.

From the new year, Japanese banks will have to match all outstanding medium and long-term dollar loans with a uniform 60 per cent in medium-term funding. The banks also will be required to report their lending and funding positions on a monthly basis to MOF instead of every six months under the old rules.

The new guidelines actually simplify the present formula for setting funding requirements for overseas lending by individual banks. In some cases they will give banks whose current funding ratios are much higher than 60 per cent the opportunity of lessening their funding burden.

The official intention, however, can be viewed as a continuation of warnings early this autumn that banks must moderate the big expansion of foreign lending. This had caused both official and private bank criticism overseas and concern at home.

The MOF, however, is willing to allow a grace period of two to three months or more for some banks in order to fulfil the new funding requirements.

MOF calculates the average funding ratio for Japanese commercial banks is now 62 to 63 per cent. The range is from 47 per cent to about 80 per cent.

A high-ranking Finance Ministry official, explaining the new guideline, told the Financial Times: "Our position is very clear. We have no intention of interfering in the international business of commercial banks, but we should watch the soundness of the position of Japanese banks."

"The evolution of the Eurodollar market is not necessarily right. We don't think it is time to drop the guidelines," he said.

The 60 per cent requirement, for funding will most seriously affect the Japanese banks which are known to have funding to lending ratios below this level. It will prompt some scrambling for additional medium-term (more than one year) dollar deposits and the issue of certificates of deposit.

Under the present guidelines, which went into effect in July, Japanese banks are only required to match 100 per cent of new medium-term credits beyond a level set in April with medium-term funds.

The aggressive lending this year had put virtually all the banks beyond their original limits. Banks had been asking the authorities to relax this limit because the cost of overall funding for some banks was rising at a very rapid pace with additional new loans.

Accurate estimates are not available but dollar syndicated loans by Japanese banks are believed to have more than doubled on an outstanding basis this year to nearly $19 to $20bn.

It is pointed out that the new guidelines put Japanese banks at a disadvantage vis-a-vis competing American and European banks.

The tighter reporting requirement on the banks, in addition, will give the MOF a stronger tool for issuing more frequent "official guidance" if international lending environment changes.

Perhaps basic to the new approach is the perception that the present borrowers' market worldwide will continue. Officials are very concerned that any future credit crunch could leave Japanese banks vulnerable as they were in 1974 after the Herstatt Bank failure.

The MOF is also urging banks to match new loans with new funding simultaneously, rather than sign the loan agreement first and seek the funding afterwards, as has been the practice.

Another sign of official caution on the part of the Bank of Japan and MOF is the lowering by 18.9 per cent from the ceiling a year ago of the amounts to be allowed for new yen loans by the major commercial banks in the January-March quarter.

French soft drink groups dissolve joint venture

BY DAVID WHITE

PARIS—Two of the biggest companies in the French soft drinks business are to split up a $50m-a-year joint venture and to market their fruit-based products on their own.

The move was announced by BSN-Gervais Danone, the wide-ranging glass and food concern, whose Evian mineral water subsidiary now operates a joint fruit drink company with Source Perrier, another mineral water group.

The company stated baldly that "after common analysis the two groups concluded that further development could be expected from the implementation of autonomous strategies."

As from January 2, the four products marketed by the joint venture will be divided between the two companies. Source Perrier will take over the Gini and Bali brands and the BSN subsidiary the trade marks Eva and Fruite.

The joint venture was set up in 1965 at a time when the market was much smaller than it is now, the companies said. After launching several successful new products, the venture is now considered to have outgrown its purpose.

The move also reflects Source Perrier's strategy of consolidating its position in the soft drinks field and shedding its ancillary activities such as dairy products and chocolate.

More capital for Nordic Asia bank

By Our Financial Staff

NORDIC ASIA, the Hong Kong subsidiary of the London-based consortium, Nordic Bank, has increased its issued and paid-up share capital to U.S.$4m. This is part of the Nordic Group's plans to expand its Asia-Pacific activities.

Goodrich earnings show sharp end-year increase

AKRON—BF Goodrich, the U.S. tyre, chemicals and industrial products group, turned in sharply higher fourth quarter profits and an earnings gain for the full year as a result of a stronger than expected performance right up to the year-end.

This contrasts with the company's earlier expectation that business would weaken before the year ended, making it hard to match the profit levels of 1977.

Goodrich is still awaiting a slowdown, however, said Mr. John D. Ong, the company's president, but this is not likely to come until the second quarter of 1979.

Early indications are that fourth quarter profits exceeded the $16.6m, or $1 a share of the 1978 third quarter, Mr. Ong said. That would be more than double the $5.9m, or 37 cents a share, of the 1977 fourth quarter.

His fourth quarter projection would indicate net income for the year of more than $4.18 a share, up from $3.97 a share, or a total of $60.1m, for 1977.

As previously reported, net income for the first nine months was $49.8m, or $3.18 a share, down from $54m, or $3.57 a share a year earlier.

"Business is excellent and continues to be very strong in practically all areas," Mr. Ong said. "Replacement tyre sales were excellent in October, November and the early part of December before the normal seasonal dip."

The company has decided to end production of skid-control systems for highway trucks and to close a small plant in Canada that produced lightweight vinyl wall coverings for residential use, Mr. Ong said.

The write-offs required in connection with those closings have not been precisely determined but will be between $3.2m and $4.6m after taxes.
AP-DJ

Dutch Bank sees higher earnings

By Michael van Os

AMSTERDAM — Nederlandsche Middenstandbank (NMB), one of the major Dutch banks, is to raise its interim dividend to Fl 4.50 per share from Fl 4. It expects 1978 profits to be up on the 1977 figure of Fl 98.2m.

The board would not be more precise but said that "an increase" in the final dividend could be expected.

NMB, in which the Dutch state has a stake of about 23 per cent, lifted first-half profits by 16 per cent to Fl 56.4m ($28.5m) and at the time profit growth in the second half was expected to have top that.

The bank, in which the insurance companies AMEV and ENNIA have minor interests, had a balance sheet total of nearly Fl 27.3bn at the end of 1977.

COMMODITIES/Review of the year

Outlook uncertain for 1979

BY OUR COMMODITIES STAFF

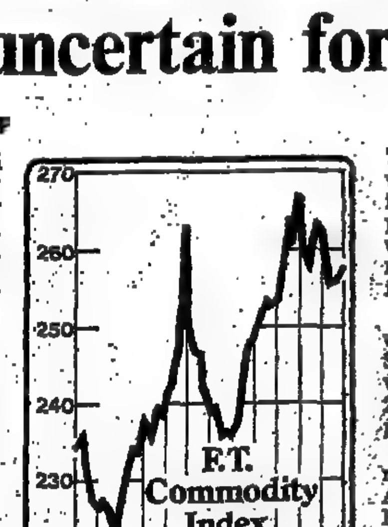
COMMODITY MARKETS ended 1978 with an air of uncertainty about the prospects for New Year. The bigger than expected oil price rise has heightened fears that a downturn in industrial activity in 1979 will hit demand for raw materials.

In 1978 the rise in the F.T. Commodity Index from 234.2 to 257.1 (1952=100) was roughly in line with inflation. There was a general uptrend in base metal prices, although the star performers were gold and platinum reflecting the fall in the value of the dollar.

Copper prices were boosted by a steady fall in stocks, and supply disruptions in Zaire and Zambia. These together with production cutbacks have created a shortage of concentrates and good-quality brands. But overall supplies remain plentiful and uncertainty about prospects for 1979 has held back the rise in prices.

Lead and tin prices hit new all-time peaks. Cash lead reached a record £447 a tonne this week, following a fire at the big Metallgesellschaft refinery in West Germany which threatened to aggravate the shortage of supplies available to the market. Stocks are at the lowest level since 1974 as a result of heavy buying by the Soviet Union and Japan.

Lead supplies were hit by production cutbacks of its sister metal, zinc, whose producers took drastic action to reduce surplus stocks to boost prices from very depressed levels.



Tin was in short supply throughout 1978 with the U.S. Congress failing to authorise releases of surplus stockpile tin. But by the end of the year supply and demand appeared to have moved closer into balance, in spite of the absence of stockpile tin that may finally be authorised for sale when Congress resumes in January.

In comparison with recent years, "soft" commodity prices were relatively inactive during 1978.

The main factor influencing the cocoa market was concern over West African crop prospects which boosted nearby London futures prices to over £2,200 a tonne in November.

The chief problem was bad weather but this was added to in Ghana—the world's biggest producer—by industrial unrest, which culminated in the Government taking emergency powers in November.

An estimate published this week by the Commonwealth Secretariat puts the 1978-79 world cocoa crop surplus at 20,000 tonnes and predicts that prices "will remain firm."

The coffee market has been relatively featurless this year. A short-lived "frost scare" in Brazil lifted prices close to £2,000 a tonne in June. But subsequently they have come down as a result of available supplies exceeding somewhat sluggish demand.

Continuing over-supply on the world sugar market kept prices under pressure. Bigger than anticipated crops have confounded earlier forecasts that there would be a production deficit in the 1978/79 season. It is now expected that world stocks will have climbed to a record 32m tonnes by next August.

Natural rubber prices rose steadily until November but then came back sharply as buying interest dried up during the period when production was at its seasonal peak.

Negotiations for an International Rubber Agreement in Geneva failed to reach a successful conclusion. But talks are to be resumed in March.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Wheat					
No. 1 Red Spring	£97.7	+1.2	£90.5	£98.5	£85.5
Am. Hard Winter (Jan.)	£94	-0.75	‡	[illegible]	£80.75
Eng. Milling (new crop)	£95.5	—	£91.25	£105	£89.5
Spices					
Cloves (g)	£3,875	—	£4,500	£5,000	£3,900
Pepper, white	$3,875	—	$3,175	$3,300	$2,575
Black	$1,875	—	$2,300	$2,450	$1,575
Oils					
Coconut (Philip'l's)	$920	—	$562.5	$935	$532.5
Groundnut 5%	‡	—	£587	£770	£587
Linseed, Crude	£338	-4.0	£258	£385	£258
Palm Malayan	$615	+5.0	$505	$646	$495
Seeds					
Copra (Philippines)	$626	+5.0	$385	$625	$372.5
Soyabeans (U.S.)	$289	-0.5	$254	$313	$234
Other Commodities					
Cocoa Shipment	£2,022	+30.0	‡	£2,254	£1,511
F'ts 2nd pos	£1,971.5	+30.0	£1,816.5	£2,213.5	£1,436.5
Coffee Futures Mar	£1,319.5	+37.0	£1,712.5	£1,852.5	£1,092
Cotton Index	78.45c	+0.2	60.35c	80.75c	61.65c
Des. Coconut	£735	+25.0	£750	£750	£505
Jute UJABW C grade	$535	+6.0	$465	$518	$437
Rubber kilo	56p	-1p	47.5p	64p	45.5p
Sago Pearl	£184	—	£190	£190	£177
Sisal No.3 L	$515/20	—	$560/70	$565	$517.5
Sugar (Raw)	£94	-5.0	£105	£114	£81
Tapioca No. 1	£174	—	£180	£180	[illegible]
Tea (quality) kilo		—	152p	160p	127p
(plain) kilo		—	88p	98p	60p
Wooltops 64s Warp	270p kilo	—	271p kilo	283p kilo	267p kilo

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Metals					
Aluminium	£710	—	£680	£710	£680
Free Market c.i.f.	$1,200/20	—	$960/80	$1,210	$955
Antimony (99.6%)	£1,925	—	£2,150	£1,925	£1,625
Free Market (99.6%)	$2,625/75	+25.0	$2,700-750	$2,700	$2,155
Copper					
Cash Wire Bars	£773	-3.75	£686.75	£778.5	£613
3 mths Do. Do.	£786.75	-1.0	£701.75	£792.75	£624.75
Cash Cathodes	£758.5	+2.8	£676.5	£773.5	£602.5
3 month Do.	£773.75	-0.25	£691.25	£783.5	£614.755
Gold per oz	$225.375	+11.0	$162.125	$245.125	$165.122
Lead Cash	£444.5	+14.75	£364.5	£457	£275.2
3 months	£413	+8.25	£370.125	£418.5	£280.25
Nickel	‡		‡		
Free Market c.i.f. lb.	$1.63/78	-0.005	$1.73/2.0	$2.0	$1.695
Platinum per oz	£152	-4.0	£88.5	£156	£96
Free Market per oz	£173.5	+1.55	£95.7	£127.9	£96.45
Quicksilver (76lbs.)	$150/70	+10.5	$135/30	$154.5	$122.5
Silver per oz	296p	-0.75	252.4p	311.2p	250p
3 months per oz	303.2p	-0.85	256.1p	318.55p	255.9p
Tin cash	£6,985	+57.5	£6,600	£8,080	£5,690
3 months	£6,852.5	+37.5	£6,532.5	£7,845	£5,717.5
Tungsten Ind.	$145.56	—	—	$145.56	$134.24
Wolfram (22.04 lb.)	$124/40	—	$169/76	$172.5	$130.5
Zinc cash	£348.75	+4.0	£289.75	£374	£255.25
3 months	£355.5	+2.75	£295.75	£381.75	£257.75
Producers	$720	—	$600	$720	$550
Grains					
Barley					
Home Futures	£85.7	-0.05	£70.25	£87.75	£70.05
Maize					
French No. 3 Yellow (American)	£107	—	£94	£107	£93.5

‡ Unquoted. * Nominal. g Madagascar.

BASE METALS

COPPER—Moved narrowly on the London Metal Exchange, where trading was confined to the morning. The market was quiet with forward metal held in a range of £786-£787. Trading was featureless and the close on the Kerb was £786.25. Turnover: 30,600 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	772.5-3.5	+.75	—	......
3 months	786.5-7	+.5	—	—.5
Settl'm't	773.5	+1	—	......
Cathodes				
Cash	758-9	+3	—	—1
3 months	773.5-4	+.25	—	—1.5
Settl'm't	759	+3	—	......
U.S. Smt.	—	......	*72.3	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £773, 73.5, 73, three months £787, 86, 86.5, 87, 86, 86.5, 87, 87.5, 87, 86.5. Cathodes, cash £758, three months £774, 73.5. Kerb: Wirebars, three months £786.5.

TIN—Lost ground after forward metal had started at £6,890 following the rise in the East overnight. There was some profit-taking during the pre-market and heavy hedge selling during the rings which pushed the price to £6,856. However, good demand for nearby and pricing purchases caused a rally before more selling emerged. The close on the Kerb was £6,840. Turnover: 620 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7000-10	+102½	—	[illegible]
3 months	6900-10	+71½	—	+37.5
Settlem't	7010	+[illegible]	—	......
Standard				
Cash	6980-90	+102½	—	+40
3 months	6880-5	+80	—	+10
Settlem't	6990	+105	—	......
Straits E.	$1911.5	+29.5	—	......
New York	—	......		......

Morning: Standard, cash £6,980, 95, three months £6,880, 75, 70, 60, 55, 60, 65. Kerb: Standard, three months £6,860, 50.

LEAD—Held steady at, and above £412 for forward metal with the market supported by influential buying from two quarters. The close on the Kerb was £413.75 after an uneventful session. Turnover: 2,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	444.5	—2	—	—2.5
3 months	412.5-13.5	+1.25	—	+.25
Sett'ment	445	—2	—	......
U.S. Spot	—	......	*36.35	......

Morning: Three months £413, 12, 11, 11.5, 12, 12.5, 13. Kerb: Three months £413, 14.

ZINC—Featureless with forward metal holding between £355 and £357 in quiet trading. The close on the Kerb was £356. Turnover: 3,100 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	346.5-7	[illegible]	—	[illegible]
3 months	355.5-7	[illegible]	—	[illegible]
S'ment	347	[illegible]	—	[illegible]
Prim. west	—	......	[illegible]	......

Morning: Three months £356, 55.5, 56. Kerb: Three months £356.5, 56.

ALUMINIUM—Slightly easier. A small amount of early interest was generated by the start of business in cash metal at £622, but most trading was done in forward metal where price slipped from £618 to a close on the Kerb of £616.5, on physical hedge selling related to the strength in sterling. Turnover: 300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	621.5-2	[illegible]	—	[illegible]
3 months	617.5-8	[illegible]	—	[illegible]

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £622, 21.5, three months £618, 17.5, 18.5. Kerb: Three months £618, 17.5, 16.5.

SILVER

Silver was fixed 0.65p an ounce higher for spot delivery in the London bullion market yesterday at 296.0p. U.S. cent equivalents of the fixing levels were: spot 602.1, down 0.7p; three-month 615.4c, down 1.3c; six-month 629.9c, down 1.4c; and 12-month 659.1c, down 2.7c. The metal opened at 295.8-296.8p (600½-602c) and closed at 294.6-295.6p (601-602½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	296p	+0.65	297.05p	+0.15
3 months	303.2p	+0.55	304.15p	—0.5
6 months	310.7p	+0.55	—	......
12 months	327p	+0.25	—	......

LME—Turnover 116 (118) lots of 10,000 ozs. Morning: Three months 304. Kerb: Three months 304, 03.8, 03.6.

COCOA

Initially steadier, the market eased sharply during afternoon and closed at the lows of the day, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.		......	1975.0-1941
March	1971.0-72.0	—18.0	2008.0-1967
May	2002.0-04.0	—24.5	2045.0-[illegible]
July	2007.0-10.0	—21.75	2050.0-[illegible]
Sept	2014.0-15.0	—22.5	2050.0-2012
Dec	2010.0-11.0	—21.0	2040.0-2010
March	2004.0-05.0	—24.5	2032.0-2004

Sales: 4,759 (3,741) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Dec. 28, 180.68 (178.90); Indicator price for Dec. 29: 15-day average 179.15 (178.20); 22-day average 180.21 (180.65).

COFFEE

General trade interest and year-end book squaring made for a fairly active day in Robustas with the market recovering late in the day after early declines. Final values were £10-£20 higher at the close, Drexel Burnham Lambert reported.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1470-1472	+18.5	1475-1426
March	1319-1320	+13.5	1328-1291
May	1236-1237	+12.0	1245-1215
July	1196-1198	+16.5	1200-1175
September	1167-1169	+20.5	1169-1160
November	1141-1148	+20.5	1145-1120
January	1121-1130	+26.5	1120

Sales: 4,234 (3,248) lots of 5 tonnes.

ICO Indicator prices for Dec. 28 (U.S. cents per pound): Colombian Mild Arabicas 172.75 (same); unwashed Arabicas 143.00 (same); other Mild Arabicas 130.67 (131.00); Robustas ICA 1976 129.50 (same); Robustas ICA 1968 130.50 (same). Daily average 130.09 (130.25).

GRAINS

WHEAT	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	91.90	[illegible]	83.30	[illegible]
Mar.	94.00	[illegible]	85.95	[illegible]
May	96.50	[illegible]	88.25	[illegible]
Sep.	89.60	[illegible]	85.90	[illegible]
Nov.	92.90	[illegible]	88.85	[illegible]

Business done—Wheat: Jan. 91.90-91.85, March 94.00-93.85, May 96.45-96.35, Sept. no trade, Nov. no trade. Sales: 122. Barley: Jan. 83.30-83.25, March 85.95-85.90, May 88.20-88.15, Sept. no trade, Nov. no trade. Sales: [illegible].

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing dull. Lewis and Peat reported the Malaysian go-down price was 238 (238½) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb.	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sep	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sep	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: 44 (11) lots of 15 tonnes, 722 (341) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56p (56.25); Feb. 57.75p (58.0); March 58.25p (58.75).

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£per tonne		
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]

Sales: 36 (101) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £94.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £93.00 (£94.00).

Confirmation that President Carter had signed a proclamation raising the import fee by 65 points produced an easier tone at the opening when prices were about 50 points below kerb levels. Scattered selling in a thin market caused further small losses but later higher New York quotations caused all the losses to be recovered. Prices continued to improve and final quotations were about 100 points above opening levels, C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 1,869 (2,467) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £167.50 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 28: Daily 7.64 (7.85); 15-day average 8.06 (8.07).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 91.25, 91.50, 91.25-90.55, [illegible]; April 98.50, 99.00, [illegible]; July 102.25, [illegible]; Nov. [illegible]; 122.75; April 128.50, [illegible]. Sales: [illegible].

HONG KONG SUGAR—Futures market report for week ending December 29 (three business days only): Prices lost 40 to 50 points on the week in quiet trading. Friday's closing prices (cents per pound): [illegible]. Turnover: [illegible] lots.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on December 29. GB cattle 70.58p per kg. l.w.; UK sheep 139.3p per kg. est. d.c.w.; GB pigs 68.6p per kg. l.w. England and Wales: Cattle average price 70.58p; Sheep average price 139.3p; Pigs average price 68.6p. No Scottish figures due to bank holiday and no England and Wales changes because of holiday marketings.

COVENT GARDEN—Prices in sterling per package except where stated: Imported produce: [illegible]

WOOL FUTURES

LONDON—The market was quiet, reported Bache. (Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 0 (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 352.5, 353.0, 352.5-352.0, [illegible]; May [illegible]; July [illegible]; Oct. [illegible]; Dec. [illegible]; March [illegible]; May [illegible]. Total sales: [illegible].

New Zealand Crossbreds—Close (in order buyer, seller, business, sales). [illegible]

INDICES

FINANCIAL TIMES

Dec. 29	Dec. 28	Month ago	Year ago
257.05	257.51	263.03	235.55

(Base: July 1, 1952=100)

REUTERS

Dec. 29	Dec. 28	Month ago	Year ago
1498.0	1495.8	1522.2	1421.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 29	Dec. 28	Month ago	Year ago
Spot	394.71	394.47	397.79	342.20
Futures	383.58	383.67	377.35	332.17

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 29	Dec. 28	Month ago	Year ago
Spie Commty	978.4	977.4	983.4	888.3

(December 31, 1931=100)

US Markets

Copper and sugar rally; coffee up

NEW YORK, Dec. 29

PRECIOUS metals closed higher on renewed speculative buying amid concern of further turmoil in Iran. Copper and sugar rallied on trade arbitrage buying and speculative short-covering. Coffee finished the year slightly higher on year-end book squaring, Bache reports.

Cocoa—March 176.75 (174.90), May 177.30 (176.10), July 177.20, Sept. 177.10, Dec. 175.50, March 174.25. Sales: 1,076.

Coffee—"C" Contract: March 132.40-132.00 (132.40), May 130.00-130.50 (127.66), July 129.25-129.50, Sept. 129.00, Dec. 129.00, March 128.50, May 128.00. Sales: 585.

Copper—Jan. 68.60 (69.40), Feb. 70.30 (70.15), March 71.05, May 72.50, July 73.80, Sept. 74.80, Dec. 76.10, Jan. 76.55, March 77.45, May 78.30, July 79.15, Sept. 80.00. Sales: 3,000.

Cotton—No. 2: March 67.65-67.59 (67.55), May 69.63-69.70 (69.62), July 71.25-71.30, Oct. 66.76, Dec. 64.56-64.65, March 65.40-65.50, May 66.20-66.50. Sales: 1,650.

*Gold—Jan. 227.00 (223.10), Feb. 229.00 (225.10), March 231.00, April 233.10, June 237.30, Aug. 241.30, Oct. 245.50, Dec. 249.90, Feb. 254.20, April 258.60, June 263.00, Aug. 267.40, Oct. 271.90. Sales: 25,000 lots.

‡‡Maize—March 231¼-231½ (232½), May 240½-240¼ (241¼), July 246¼-246½ (241¼), Sept. 248½-248¼, Dec. 252½-252¾, March 261.

†Lard—Chicago loose not available. NY prime steam 26.00 traded (26.00 nom.)

§Platinum—Jan. 348.60-349.20 (347.60), April 354.00-355.20 (352.80), July 356.00-356.50, Oct. 360.50-360.70, Jan. 363.50-363.70, April 366.30-366.50, July 369.00-369.20. Sales: 1,539.

¶Silver—Jan. 606.00 (603.40), Feb. 609.80 (607.20), March 613.70, May 621.20, July 629.70, Sept. 638.10, Dec. 651.40, Jan. 656.00, March 665.50, May 675.00, July 684.60, Sept. 694.30. Sales: 20,000 lots. Handy and Harman spot bullion 607.40 (604.40).

Soyabeans—Jan. 676-677 (677¼), March 690-691 (692½), May 700½-701, July 707-706½, Aug. 700, Sept. 678, Nov. 667-668, Jan. 675½.

||Soyabean Meal—Jan. 189.70-190.00 (189.90), March 189.40-189.20 (189.00), May 188.00-189.50, July 188.20-188.00, Aug. 188.20-188.50, Sept. 187.00, Oct. 185.20, Dec. 185.30, Jan. 185.50-185.30.

Soyabean Oil—Jan. 24.55-24.60 (24.65), March 24.75-24.70 (24.81), May 24.65-24.70, July 24.65-24.60, Aug. 24.60, Sept. 24.01, Oct. 23.65-23.70, Dec. 23.60, Jan. 23.40-23.50, March 23.40-23.45.

Sugar—No. 11: Jan. 7.80-7.81 (unquoted), March 8.41-8.44 (8.43), May 8.62-8.63, July 8.82-8.83, Sept. 9.06, Oct. 9.17-9.19, Jan. 9.55, March 9.87-9.88, May 10.01-10.10.

Tin—665.000 nom. (660.00-662.00 nom.)

*Wheat—March 343¼ (344¼), May 331¼-331¾ (329¾), July 321½, Sept. 325¼, Dec. 338½-338.

WINNIPEG, Dec. 29. ††Rye—Dec. 100.00 bid (99.80 bid), May 101.80 bid (101.60 bid), July 99.50 nom, Oct. 102.00 nom.

††Oats—Dec. 88.00 asked (90.50), March 81.90 bid (81.90 bid), May 78.50.

††Barley—Dec. 74.10 (74.20 bid), March 76.00 (76.10 bid), May 76.50 bid, July 77.10 asked, Oct. 77.10 asked.

§Flaxseed—Dec. 273.50 bid (272.00 bid), May 284.50 (283.50 bid), July 284.50 bid.

Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 187.55 (187.05).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. §§ Cents per 56-lb bushel ex-warehouse.

Stock Exchange dealings

Thursday, December 28	2,445
Wednesday, December 27	1,674
Friday, December 22	1,793
Thursday, December 21	3,383
Wednesday, December 20	3,080
Tuesday, December 19	3,403

The list below records all last Thursday's marking and also the latest markings during the previous two trading days of any share not marked on Thursday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. ▲ Bargains done with or between non-members. ● Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Mx—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (475)

3pc British Transport stk. 1978-88 62⁷⁄₁₆● 13/16 ¾ ½ 9/16 11/16 ⅝
2½pc Cons. stk. 20⅝● ¼ ⅜
4pc Cons. Ln. 30 11/16 ⅝
3½pc Conversion Ln. 35⅛ 5
13¼pc Exchequer Ln. 1996 101½● ½● 9/16● ⅜
3pc Exchequer stk. 1981 86 7/16
3pc Exchequer stk. 1983 79 3/16 ⅛ 5/16 7/16 ¼
8¼pc Exchequer stk. 1981 91 11/16 ⅝
8½pc Exchequer stk. 1983 88 1/16 8 (27/12)
9½pc Exchequer stk. 1982 89¾ 13/16 8‡ 9 11/16
9¾pc Exchequer stk. 1981 93 ⅛ 1/16
10pc Exchequer stk. 1983 89 ⅞● 11/16 ⅞ ¾
10½pc Exchequer stk. 1995 81⅛ 7/16 (27/12)
10½pc Exchequer stk. 1997 86¼
12pc Exchequer stk. 1998 92⅞
12pc Exchequer stk. 1999-2002 90¼● 5‡ 90⅞
12pc Exchequer stk. 2013-17 92⅛● ¼
12½pc Exchequer stk. 1985 97 5/16 ¼ ⅛
12½pc Exchequer stk. 1992 98¼● ¼
12½pc Exchequer stk. 1994 93 11/16‡▲● 9¾ ⅞
12¾pc Exchequer stk. 1981 100 9/16● 7/16
13pc Exchequer stk. 1980 101 3/16● ⅛
5¼pc Funding Ln. 1978-80 94½ 9/16 ⅝ ⅞
6¼pc Funding Ln. 1987-91 64⅞● 11/16 ¾ 5 4⅞
6pc Funding Ln. 1993 61¼● ⅛● ⅜ ¼
6½pc Funding Ln. 1985-87 76⅝● 11/16 11/16 ⅝ ¾ ½ ⅞
3½pc Funding stk. 1999-2004 (Reg.) 35⅜● ⅛ ⅜ ⅛
5½pc Funding stk. 1982-84 81⅛● 80⅞ ⅞ ⅞ ¾
6¾pc Treasury Ln. 1995-98 60¼ ⅛ 59 15/16 60 1/16
7¾pc Treasury Ln. 1985-88 77¼● 3/16 11/16 ⅛ 13/16 ½ ¼
7¾pc Treasury Ln. 2012-15 61⅜● ⅛ ¼ ⅜ 5/16
8pc Treasury Ln. 2002-06 66½● ⅜ ⅛ ¼
8¼pc Treasury Ln. 1987-90 77⅞● 3/16 ⅜ 3/16
8¼pc Treasury Ln. 1980-82 90 5/16● 3/16 ¼ ½ 7/16 ⅜
8½pc Treasury Ln. 1984-86 83⅞● ⅞ 13/16 4⅛ 3¾ 4¼
8¾pc Treasury Ln. 1997 74½● 5
9pc Treasury Ln. 1994 76¾ 7 6⅞ 15/16
9pc Treasury Ln. 1992-96 77¼ 6⅞
9½pc Treasury Ln. 1999 76½● ⅜ ⅛ 1/16 ¼
12pc Treasury Ln. 1983 98⅛● 8● 7⅞ 13/16 15/16 8
12¼pc Treasury Ln. 1993 98⅜ ⅛ ¼
12½pc Treasury Ln. 1992 97⅛
12¾pc Treasury Ln. 1995 98 9/16● ½ ⅜ ⅜
13¼pc Treasury Ln. 1997 99⅛● ⅛● ⅞● ⅛ 8⅞ 8¾ 9 ⅜
13¾pc Treasury Ln. 1993 103⅞● ¾ 11/16
14½pc Treasury Ln. 1994 111⅞● ⅝ ¾
15¼pc Treasury Ln. 1996 113⅝ ⅛ 3/16
15½pc Treasury Ln. 1998 117● ⅛
2½pc Treasury stk. (Reg.) on or after 1/4/75 20● 19 15/16 20
3pc Treasury stk. 23⅞● ⅞ 4
3pc Treasury stk. 1979 95 1/16 4⅞ 5
3pc Treasury stk. 1982 83⅝ ⅛ 3/16
3½pc Treasury stk. 1977-80 (Reg.) 94½● ⅜● ⅞ ½
3½pc Treasury stk. 1979-81 (Reg.) 88¼● 1⅛● 8⅞ 9 8 11/16
5pc Treasury stk. 1986-89 (Reg.) 65¼● 4½● 5¼ ⅛ ½
5½pc Treasury stk. 2008-12 (Reg.) 47¼● ⅜● ¼
8¼pc Treasury stk. 1982 88⅛ 3/32 7/32
9¼pc Treasury stk. 1983 87 11/16 8 7 15/16
9½pc Treasury stk. 1980 97 13/64ths● 7
9¾pc Treasury stk. 1981 94½● 11/16● ⅝ ⅜
10pc Treasury stk. 1992 85¼● ⅛ ¼
10½pc Treasury stk. 1979 99
10½pc Treasury stk. 1999 83¼
11½pc Treasury stk. 1979 99.90● 99.92
11¾pc Treasury stk. 1981 98 11/16 ⅝
11¾pc Treasury stk. 1991 91 11/16 ⅞ ¾
12pc Treasury stk. 91⅝ ⅜
12½pc Treasury stk. 2003-05 (£… pd.) 45 (27/12)
13pc Treasury stk. 1990 99⅛● ⅛● ½ ⅛ ⅛
14pc Treasury stk. 1982 103⅛ 3/32
9pc Cnv. stk. 1980 96 11/16 ⅝ 9/16
Variable Rate Treas. stk. 1982 (12.0879pc…) 95⅛ (27/12)
3½pc War Loan 30● 29 15/16● ⅞ 15/16 30 29 15/16
British Electricity 3½pc Gtd. stk. 1976-79 95 11/16● 13/16● ¾ 4¼pc Gtd. stk. 1974-79 95⅞● ⅞ 13/16 11/16
British Gas 3pc Gtd. stk. 1990-95 44 11/16● ½● ⅝
3pc Redemption stk. 1986-96 44¼● ⅛● ⅜

CORPORATIONS (14)

FREE OF STAMP DUTY

London County 5½pc Cons. stk. 76 (27/12). 6pc 95 11/16. 6½pc 63½● ½
Birmingham Corpn. 2½pc 16½●
Brighton Corpn. 6¼pc 97⅞ (27/12)
Camden (London Borough of) Var. Rate Red. stk. (11 9/16pcPf) 99 23-64ths● 12¾pc 84⅜ (22/12)
Cardiff City Council 11pc Red. 90 (27/12)
Cardiff Corpn. 7pc Red. stk. 83½●
Greenwich (London Borough of) 11¼pc Red. stk. 94½ (27/12)
Hertfordshire County Council 5¼pc Red. 91⅛. 8¼pc Red. 75 (22/12)
Islington Corpn. 12¾pc Red. stk. 98●
Liverpool Corp. 9¼pc 88½
Middlesex C.C. 5¼pc 91¼
Newcastle-upon-Tyne Corp. 9¼pc 94⅛
Salford Corp. 5½pc 63¼ (27/12)
Southwark Corp. 12½pc 96½
Surrey County 6pc 92 ¼ (27/12)
Walsall Corp. 6¼pc 97⅞ (27/12)
Westminster (City) 13pc 99½

SHORT-DATED BONDS

FREE OF STAMP DUTY

7pc Bds. Reg. 99 7/16
7¼pc Bds. Reg. 98⅞ (27/12)
11¾pc Bds. Reg. 18/7/79 99¾ (27/12)
9¾pc Bds. Reg. 1/8/79 98½ 7/16 (22/12)
9⅜pc Bds. Reg. 8/8/79 98 11/32
9⅝pc Bds. Reg. 15/8/79 98 3/16 (27/12)
10⅜pc Bds. Reg. 3/10/79 98⅛
11⅞pc Bds. Reg. 14/11/79 99⅛●

PUBLIC BOARDS (9)

FREE OF STAMP DUTY

Agricultural Mort. Corp. 7¼pcDb. 1981-84 81●
Finance for Industry 13pcLn. 109 9/16●
Northern Ireland Electricity 7¼pc 78⅛

COMMONWEALTH GOVTS. (4)

REGISTERED AND INSCRIBED STOCKS

Antigua 6pc 87⅞
Australia (Com.) 5½pcReg. 97¾, 5½pc 1981-82 82 (27/12)
Jamaica 6pc 82
New Zealand 3½pc 70¼ (27/12), 6pc 95⅛ (22/12)
Southern Rhodesia 2½pc 53, 3½pc 1980-85 41 (27/12)

COMMONWEALTH CORPS. (—)

South Africa (Rep.) 9½pc 89½ (22/12)

FOREIGN STOCKS (1)

COUPONS PAYABLE IN LONDON

Chinese 4½pc Gold (Germ. Iss.) 20 1 (27/12). 5pcGold 1925 19 (27/12). 5pc Reorg. Gold Ln. 1913 21 (27/12)
Boots 6¼pcBds. 1993 93
British Shipbuilders 9pcBds. 1992 90⅛ (27/12)

BANKS (68)

Allen Harvey and Ross 330
Allied Irish Banks (25p) 200
Australia and New Zealand Banking Group ($A1) 334
Bank of Montreal ($C2) 14⅛
Bank of Scotland (Governor) 276

هكذا من الأصل

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an overseas Stock Exchange.

DECEMBER 28

Anglo United 228
Australian Paper 880
Ampol Pet 580
American Cynamand £17¼
Australian Cons. Mines 11
Argo Invest New 46 7
Bougainville Copper 132 1½ 3: 28
Bridge Oil 107
Coles G.J. 1710
Conzinc Rio Tinto 294
Comalco A 208
New Metal 44 1
Pacific Copper 56
Rockwell Int £25⅝
Sterling Drug £11¼
Westfield Minerals 2550

DECEMBER 27 (2)

Ashton Mining 700
Boral 1760
Central Pacific Mine 320
Oil Search 4
Pan Continental SUS11½
Santos 168
Scottish Cables 500
Unilever NV Ord. (20Fr) £4⅛

DECEMBER 22

Digital Equipment SUS51¼
Hudsons Bay Mining and Smelting A SUS15¼
Heublein Inc. £19¼
North West Mining 23
Otter Ex. 250

RULE 163 (2) (e)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

DECEMBER 28

Border TV A NV 25½
Buenos Ayres Lacroze Tramways Stlg 5pc 1st mtg Db. £30
Cambridge Inst. 3¼ ¼ 3, 2, ½
Cambridge Inst. 4¼
Channel Hotels and Props. 23
Clalmace 25 1
Dolomella 19
GRA Tst. 11pc Sub. Uns. £7
Grendon Tst. 11pc Sub. Uns. £7
Island Garages 19
Jennings Bros. 84
Kellock 48
Kellock Cnv. Sub. Var. (1st series) 48
Kunick 21
Manchester Utd. New 425 375 50 37½ 25
Merrydown Wine 31
Mining Inv. 67
Norton Villiers Triumph 2½
Queensland Mines 227 2
Queen St. Warehouse 5
Star Offshore Services 102 100½ 100
Viking Oil 104

DECEMBER 27

Exchem 97
Gibson (William) 4½pcPf. 15
Ipswich Port Authority 3½pc Mtg. Dbs. £25
Kellock 11pc Red.Pf. 83
Maddock 26
Maddock 7½pc Sub.Uns. £71
Nationwide Leisure 8½
New Court Natural Resources 14½ 14
Oldham Brewery 78 6

DECEMBER 22

Arsenal FC £151.50
British Uralite 8 7½
Burrough (James) 130
Darling Fund Units SA1 138
Dart Valley Light Railway 42
Gibbs Mew 620
Grendon Tust 1190 Sub. Uns.Ln. £7¼
Manchester and London Inv. Tst. 16 14
New Court Natural Resources 14½ 14
Nuthalls (Caterers) 7pcNon-cum. 37½

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

DECEMBER 28

Cluff Oil 375
Siebens (UK) 256

DECEMBER 27 (Nil)

DECEMBER 22

(By permission of the Stock Exchange Council)

PROPERTY (68) · RUBBER (4) · UK RAILWAYS (1) · SHIPPING (17) · TEA (3) · CANALS AND DOCKS (3)

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement

DECEMBER 28 (Nil)

DECEMBER 27 (2)

Horton Sandour Fabrics 8pcCum. 1st Pf. 33

DECEMBER 22 (Nil)

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term Shares %
Abbey National	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Aid to Thrift	8.25	8.75	—	—
Alliance	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., 8.25 1 yr.
Anglia Hastings and Thanet	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., 8.25 1 yr.
Bradford and Bingley	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Bridgwater	7.75	8.00	9.50	9.10 2½ yrs., 8.75 2 yrs.
Bristol and West	7.75	8.00	9.25	—
Bristol Economic	7.75	8.00	9.25	8.25 3 months' notice
Britannia	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Burnley	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Cardiff	7.75	8.50	9.50	—
Catholic	7.50	•8.20	9.00	— • 8.40 over £5,000
Chelsea	7.75	8.00	9.25	8.75 minimum £500, 6 months' notice
Cheltenham and Gloucester	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., £500-£15,000
Citizens Regency	7.75	8.30	9.50	9.55 3 years
City of London	8.00	8.30	9.25	9.35 3 yrs. increment share min. £500
Coventry Economic	7.75	8.00	9.25	9.00 3 yrs. min., 8.50 3 mths.' notice
Coventry Provident	7.75	8.00	10.00	9.25 3 yrs., 8.75 2 yrs., 8.25 1 yr.
Derbyshire	7.75	8.00	9.25	8.50 up to, 3 months' notice
Gateway	7.75	8.00	9.25	9.00 3yrs., 8.5 2yrs., min. £500-£15,000
Guardian	7.75	8.25	8.50	8.95 £1,000 3 months' notice
Halifax	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Heart of England	7.75	8.00	9.25	9.00 3 yrs., 8.50 3 months notice
Hearts of Oak and Enfield	7.75	8.25	9.75	9.25 3-4 yrs., 9.00 2 yrs., 8.71 1 yr.
Hendon	8.00	8.50	—	9.00 6 months, minimum £2,000
Huddersfield and Bradford	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Leamington Spa	7.85	8.10	■10.97	8.85 2 years. ■ 3 years
Leeds Permanent	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., min. £1,000
Leicester	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., 8.25 3 mths.
Liverpool	7.75	8.00	9.45	9.10 3 yrs., 8.60 2 yrs., min. £1,000
London Goldhawk	7.75	8.25	9.50	9.25 3 yrs., 9 2 yrs., 8.75 1 yr.
Melton Mowbray	7.85	8.10	9.25	8.85 2 yrs., minimum £2,000
Midshires	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., 8.25 1 yr.
Mornington	8.25	8.75	—	— Rates effective from Jan. 1
National Counties	8.00	8.30	9.30	9.40 6 mths., 8.75 3 mths., min. £1,000
Nationwide	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., min. £500
Newcastle Permanent	7.75	8.00	9.30	9.30 3 yrs., 9.00 2 yrs.
New Cross	8.50	8.75	—	— 3 yrs., 9.00 2 yrs., 8.75 1 yr.
Northern Rock	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., min. £200
Norwich	7.75	8.00	9.50	9.00 3 yrs., 8.75 2 yrs., min. £200
Peckham Mutual	8.00	8.50	—	—
Portman	7.75	8.00	9.25	9.00 3 yrs., 8.75 ½-yrly., 8.25 3 mths.
Principality	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., min. £500
Progressive	8.00	8.25	9.25	9.00 2 yrs., 8.75 3 months' notice
Property Owners	7.75	8.50	9.75	9.00 3 months notice
Provincial	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 3 yrs.
Skipton	7.75	8.00	9.25	9.00 3yrs., 8.50 2yrs., 8.25 3mths. not.
Sussex Mutual	7.75	8.35	10.00	9.30 3 yrs., 9.00 2 yrs., 8.75 1 yr.
Town and Country	7.75	8.00	♦10.00	9.00 3 yrs., 8.50 2 yrs. ♦ Max. £250
Walthamstow	7.75	8.10	9.20	9.15 3 yrs., 8.85 3 mths. not. min. £500
Woolwich	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.

*Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

The Treasury bill rate fell by 0.0022 per cent at yesterday's tender to 11.5635 per cent, although the minimum accepted bid was £97.06 against £97.06½ the previous week. Bids at that level were met as to about 13 per cent and all bills offered were allotted, with the £300m on offer attracting bids of £649.015m against £712.25m. Next week a further £300m will be on offer, replacing a similar amount of maturities.

Day to day credit was in slightly short supply in the money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and a similar number of corporation bills, all direct from the discount houses. Total assistance was termed as small. The market was faced with a moderate net take-up of Treasury bills to finance and a small excess of revenue transfers to the Exchequer over Government disbursements. Money was also drained by customary end of month oil payments.

On the other hand, banks brought forward balances a moderate amount above target and there was a fairly large decrease in the note circulation.

In the interbank market, weekend money opened at 10⅞-11 per cent and touched 11¾-12 per cent in late afternoon, before closing at 7-8 per cent.

Rates in the table below are nominal in some cases.

EXCHANGES AND BULLION

Trading in yesterday's foreign exchange market was predictably rather subdued ahead of the New Year holiday, with most financial centres closing early. The dollar showed a weaker tendency against most currencies in thin trading, which probably did not provoke much central bank intervention. The Swiss franc improved to SwFr 1.6205 from SwFr 1.6297½ on Thursday, while the D-mark was also stronger at DM 1.8200 compared with DM 1.8300.

The French franc improved sharply, after France's decision not to join the EMS on January 2 had pushed up demand for the franc. Domestic money rates rose sharply, and against the dollar, the French unit rose to FFr 4.1700 from FFr 4.2075.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.8 per cent from 9.7 per cent.

Sterling opened at $2.0280-2.0300 and rose to $2.0325 in early morning trading before improving to $2.0350 by lunch. In the afternoon it touched $2.0420-2.0440 before intervention by the Bank of England probably ruled out any further improvement, and it closed at $2.0405-2.0425, a rise of 1¼c. On Bank of England figures, sterling's trade weighted index improved to 64.0 from 63.8, having stood at 63.8 at noon and in early dealings.

Gold traded very quietly for most of the day, after a little interest up to 11 am. By the end of trading it showed a gain of $4¾ an ounce to $226-226½.

THE POUND SPOT

Dec. 29	Bank rate %	Day's spread	Close
U.S. $	9½	2.0280-2.0440	2.0405-2.0425
Canadian $	10¾	2.4055-2.4180	2.4165-2.4185
Guilder	6½	4.00-4.04	4.02-4.03
Belgian F	6	58.50-58.80	58.75-58.85
Danish K	8	10.52-10.59	10.57-10.58
D mark	3	3.69½-3.72½	3.71-3.72
Port. Esc.	18	93.20-94.00	93.50-94.00
Span. Pes.	8	142.70-143.00	142.90-143.00
Lira	10½	1,688-1,694	1,687-1,688
Nrwgn. K.	7	10.17-10.24	10.22-10.24
French Fr.	9½	8.48-8.52	8.49½-8.51½
Swedish Kr	6½	8.71-8.76	8.73-8.75
Yen	3½	390-400	395½-397½
Austria Sch	4½	27.10-27.25	27.15-27.18
Swiss Fr.	1	3.29-3.32	3.30-3.31

Belgium rate is for convertible francs. Financial franc 59.80-59.90.

OTHER MARKETS

Dec. 29	£	$		£ Note Rates
Argentina Peso	2.057-2.087	997-1007	Austria	26¾-27¾
Australia Dollar	1.7715-1.7765	0.8700-0.8710	Belgium	59½-60½
Brazil Cruzeiro	42.03-43.03	20.59-21.08	Denmark	10.30-10.40
Finland Markka	8.00-8.01	3.9165-3.9215	France	8.45-8.60
Greek Drachma	72.389-74.158	35.45-36.35	Germany	3.65-3.75
Hong Kong Dollar	9.7575-9.7875	4.7985-4.4995	Italy	1,645-1,695
Iran Rial	152.17-160.29	75-79	Japan	397-408
Kuwait Dinar (KD)	0.547-0.557	0.2725-0.2735	Netherlands	3.95-4.05
Luxembourg Frc.	58.50-58.65	29.80-29.85	Norway	10.10-10.25
Malaysia Dollar	4.4720-4.4950	2.2035-2.2045	Portugal	93-99
New Zealand Dlr.	1.9095-1.9165	0.9380-0.9410	Spain	146-149
Saudi Arab. Riyal	6.69-6.79	3.3100-3.3210	Switzerland	3.25-3.35
Singapore Dollar	4.3920-4.4180	2.1620-2.1630	United States	2.0400-2.0500
Sth. African Rand	1.7521-1.7784	0.8582-0.8711	Yugoslavia	41-44

Rate given for Argentina is free rate.

GOLD

	Dec. 29	Dec. 28
Gold Bullion (a fine ounce)		
Close	$226-226½	$221½-222
Opening	$223½-224	$223-223½
Morning fixing	$224.50 (£110.288)	$223.00 (£109.108)
Afternoon fixing	$226.00 (£110.876)	$220.65 (£108.802)
Gold Coins, domestically		
Krugerrand	$237½-239½ (£116½-117½)	$234½-236½ (£115½-116½)
New Sovereigns	$63¼-65¼ (£31¼-32¼)	$63½-65½ (£31½-32½)
Old Sovereigns	$63¾-65¾ (£31¼-32¼)	$62¾-64¾ (£31-32)
Gold Coins, internationally		
Krugerrand	$231-233 (£113¼-114¼)	$227¾-229¾ (£112¼-113¼)
New Sovereigns	$59½-61½ (£29¼-30¼)	$58½-60½ (£28¾-29¾)
Old Sovereigns	$63¾-65¾ (£31¼-32¼)	$62¾-64¾ (£31-32)
$20 Eagles	$298-300	$297-299
$10 Eagles	$166-171	$165-170
$5 Eagles	$110-115	$110-115

LONDON MONEY RATES

Dec. 29 1978	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-12	—	—	—	11	10¼-11½	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11½	—	—	—	—
7 days notice	—	11-11⅜	11½-11⅞	—	10	—	11¼-12	—	—	—
One month	12-11⅞	11⅞-12	11⅞-12	12¼-12¾	12⅜	12⅜	11½	11⅜-11½	11⅞	12¼
Two months	12⅛-12⅛	12⅛-12⅜	—	12¼-12¾	12⅜	—	11¾	11⅞	12⅛-12⅜	12⅜
Three months	12⅛-12⅛	12⅛-12⅜	12⅜-12⅜	12¼-12¾	12⅞	—	11¾-12	11⅝-11⅞	12⅛	12⅝
Six months	12⅝-12½	12⅞-12⅞	12½	12¼-12¾	12¾	—	—	—	12⅛-12¼	12½
Nine months	12⅜-12¼	12⅞-12⅞	—	12⅜-12¾	12⅝	—	—	—	—	—
One year	12⅞-12½	12¼-12⅜	12-12¼	12¼-12¾	12½	—	—	—	—	—
Two years	—	—	12½-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12⅜-12½ per cent; four years 12⅝-12⅞ per cent; five years 12¾-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞-12¾ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11⅜-11½ per cent.; two-month 11⅞ per cent; three-month 11½-11⅞ per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two-month 11⅞-11⅞ per cent; and three-months 12⅛ per cent; one-month trade bills 12¼ per cent♦ two-month 12⅝ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5657 per cent.

CURRENCY MOVEMENTS

December 29	Bank of England Index	Morgan Guaranty changes %
Sterling	63.98	−40.5
U.S. dollar	82.74	− 9.8
Canadian dollar	78.90	−18.4
Austrian schilling	147.82	+19.8
Belgian franc	114.61	+14.9
Danish krone	118.48	+ 7.1
Deutsche Mark	151.10	+42.4
Swiss franc	199.16	+85.8
Guilder	124.91	+21.5
French franc	100.66	− 5.4
Lira	54.09	−49.6
Yen	147.66	+45.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES

Dec. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11⅜-11⅝	10½-10⅝	7½-8½	10¼-10½	⅛-⅛	3⅛-3¼	7-30	10-15	—	−10⅜-−8½
7 day's notice	11½-11⅞	10½-10¾	7½-8½	10¼-10½	⅛-⅛	3⅛-3¼	15-25	11¾-13¾	11⅛-12⅛	−2⅜-−⅜
Month	12-12½	10⅞-11⅛	10⅛-10⅜	9⅞-10⅛	⅛-⅛	3⅛-3⅛	10½-10⅝	12¼-14	14⅛-14⅛	−⅛-⅛
Three months	12⅝-13	11⅛-11⅛	10⅛-11⅛	9⅝-9⅞	par-⅛	3⅛-3⅛	9⅞-10¼	13½-14½	11⅛-11⅛	⅛-⅛
Six months	13¼-13½	12¼-12½	10⅛-11⅛	9¼-9⅜	⅛-¼	3⅛-3⅛	9⅞-10⅜	14½-15½	12⅛-12⅛	1⅞-2¼
One year	13-13¼	11⅞-12⅛	10¾-11⅛	8½-8¾	⅝-¾	3⅛-3⅛	10¼-10½	14-16	12⅛-12⅛	2⅛-2⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.80-10.90 per cent; three months 11.35-11.45 per cent; six months 11.85-11.95 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10¼-10½ per cent; four years 10⅛-10⅜ per cent; five years 10-10¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 28/12/78

Statistics provided by
Statistics provided by

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◊ Current
Associated Paper 9½pc Cv. 85-90	1.40	102.00	200.0	76-79	9.3	9.0	1.0	− 6 to 9	5.3	0.0	− 5.2	− 6.2
Bank of Ireland 10pc Cv. 91-96	1.20	182.00	47.6	77-79	5.6	5.4	− 5.6	− 9 to −3	6.7	4.9	− 1.0	+ 4.7
British Land 12pc Cv. 2002	7.71	160.00	333.3	80-97	7.6	7.0	6.7	7 to 26	0.0	91.9	61.3	+54.6
English Property 6½pc Cv. 98-03	8.07	87.00	234.0	76-79	7.6	7.8	− 3.4	−11 to −1	3.5	0.0	− 3.9	− 0.5
English Property 12pc Cv. 00-05	15.31	88.00	150.0	76-84	13.9	14.0	52.4	40 to 66	26.2	45.3	33.1	−19.2
Hanson Trust 6½pc Cv. 88-93	4.51	79.00	57.1	76-79	8.4	9.4	− 0.5	− 1 to 8	0.0	0.0	0.0	+ 0.5
Hewden-Stuart 7pc Cv. 1995	0.01	380.00	564.5	75-79	1.9		8.6	−10 to 9	5.9	3.5	− 0.7	− 9.3
Slough Estates 10pc Cv. 87-90	5.50	167.00	125.0	78-86	6.0	1.5	9.5	10 to 15	33.1	46.9	9.1	− 0.4
Thorn Electrical 5pc Cv. 90-94	10.93	102.00	29.1	75-79	4.9	4.7	− 4.7	− 5 to 3	5.1	2.3	− 2.6	+ 2.2
Tozer, Kemsley 8pc Cv. 1981	0.78	91.00	153.9	74-79	8.9	12.4	16.0	3 to 21	7.2	3.9	− 4.2	−20.2
Ultramar 7pc net R.Cv.Pfd.	14.97	1.33	0.5	76-88	8.1	6.4	12.3	9 to 15	0.0	61.9	52.3	+39.9
Wilkinson Match 10pc Cv. 83-98	11.10	88.00	40.0	76-83	11.4	11.5	23.6	20 to 38	25.3	34.2	8.4	−15.2

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

Equities end year wearily with index 2.0 lower at 470.9 and 22.4 down on long Christmas account

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

The long Christmas trading account which many had forecast would herald some traditional good cheer for stock markets came wearily to its close yesterday in completely contrasting vein. As measured by the FT 30-share index, equities have lost 4½ per cent over the three weeks but the most dispiriting feature of the period was the sharp downturn in business: during the account, official markings fell away to a daily average of 3,102 compared with 4,282 during the previous three weeks and with 3,715 in the run up to the end of 1977.

As the final trading session of 1978 petered out, dealers were still awaiting some indication of the investment intentions of institutional investors for the New Year. But the deteriorating situation in Iran and the threat to domestic oil supplies posed by the tanker drivers continued to inhibit buyers.

Further small selling of industrial leaders found the market extremely unwilling and, after displaying a slightly steadying tendency around 10 am, prices thus drifted easier for the rest of the day. Illustrating the movements, the FT 30-share was marginally harder at the first calculation, but finally a net 2.0 down at 470.9 for a loss of 22.4 on the account and one of 14.5 on the year during which it has ranged between 535.5 and 433.4.

Contrasting movements in British Government securities included marginal gains among most mediums and longs, usually reflecting financial end-year considerations and the addition of accrued interest for the long week-end, but fractional losses in the more marketable short-dated stocks. Speculative interest raised selected low-coupon issues, while demand also occurred for the two Variable coupon stocks. Funding 5½ per cent 1982/84 continued to attract inquiries from surtax payers and, in a market short of supplies, rose to 81¾ before settling a net ¼ higher at 81½.

An uninspiring day in the investment currency market saw the premium move between extremes of 82¼ and 80¾ per cent before closing the day a net 1¼ lower on balance at 81¼ per cent. Yesterday's SE conversion factor was 0.7004 (0.7000).

Suspended on Wednesday at £10¼ pending an announcement, dealings were resumed yesterday in Brascan and the close was ¾ better at a 1978 high of £11½ following details of the Brazilian Government's acquisition of the company's 83 per cent stake in Light Servicos de Eletricidade for £187m.

Quiet conditions continued in the Traded Options market in which 223 contracts were completed. This compares with the previous day's 232 and Wednesday's 119, making the shortened week's daily average 191, the lowest since dealings began on April 21.

Banks easier

Banks drifted lower on sporadic offerings and lack of support. **Barclays**, 360p, and **Midland**, 350p, slipped 5 apiece, while **Nat West** softened 3 to 280p and **Lloyds** 2 to 280p. **Bank of Scotland** closed 5 off at 275p. Domestic and investment currency premium influences brought reactions of 4 and 5 respectively in **ANZ**, 333p, and **Hong Kong and Shanghai**, 255p.

Insurances displayed no set trend following a small trade. **Sun Alliance** improved 4 to 508p but **Royal** gave up 3 to 357p. **C. E. Heath** declined 3 more to 230p and **Equity and Law** cheapened 2 to 178p.

Despite a broker's favourable circular, Brewery leaders closed showing small losses.

Buildings passed an uninspiring session with the leaders mostly unmoved in the virtual absence of business. Elsewhere, **Vectis Stone** added 4 for a two-day gain of 6 to a high for the year of 46p in response to the increased annual profits and proposed 100 per cent scrip issue. Other movements of note included **RMC** which eased 3 to 131p and **James Latham** which, in a thin market, firmed that much to a 197 peak of 138p. Recently dull **A. Monk** shed a penny more to 2p, for a loss of 25 since the interim results and the chairman's pessimistic remarks about the full-year outcome.

Leading Chemicals sustained small losses following a quiet trade; **ICI** eased 2 to 362p and **Fisons**, after initial modest progress to 304p, finished a net 3 cheaper at 300p. Elsewhere, **Farm Feed** responded to fresh speculative interest prompted by the appearance of a solitary buyer and, in a thin market, touched a 1978 peak of 78p before settling 6 up on balance at 74p. Thinly traded **William Ransom** added another 5 to a high for the year of 310p. News that Birmingham and Midland Counties Trust has increased its stake to 17 per cent had no apparent impact on **Bernard Wardle** which held at 33p.

H. Samuel wanted

In an otherwise lethargic Stores sector, **H. Samuel A** stood out with a rise of 6 to 188p, after 190p, on buying ahead of the interim results which are expected to be announced shortly. **Rosgill** added 2 at 34p, but **Blackman and Conrad** cheapened that much to 19p, after 18p. Of the leaders, **Burton A** gave up 3 at 167p, while **Combined English**, 104p, and **UDS**, 86p, lost 2 apiece. Among quietly dull Shoes, **Footwear Investments** shed 3 to 66p and **Garnar Scotblair** a like amount to 93p.

GEC, down 3 more at 320p, encountered fresh scattered selling in the Electrical leaders. **Plessey** shaded 2 to 106p, but **EMI** held at 138p. Electronic issues remained on offer, **Decca A**, 395p, and **Electrocomponents**, 323p, fell 10 apiece, while **Racal** eased 5 to 340p. Elsewhere, **Comet Radiovision** gave up 3 to 133p and **Kode** lost 2 at 141p, but the Board's encouraging statement on current trading which accompanied the annual results prompted a rise of a penny to 14p in **Crellon**.

Fresh small losses in the *Engineering leaders mainly reflected* the absence of support. **Tubes** gave up 4 more to 372p, while **John Brown** drifted off 2 further to 364p. The majority of scattered movements in secondary issues were against holders. **Edbro** came on offer at 187p, down 5, along with **McKechnie**, 4 cheaper at 90p. Smaller-priced issues to give ground included **Wm. Cook Sheffield**, 22p, and **Westland**, 31p, which eased 2 and a penny respectively. Against the trend, favourable Press mention stimulated a little buying interest in **Richardsons Westgarth**, a penny firmer at 46p, after 47p. Among Shipbuilders, **Yarrow** encountered further selling and gave up 5 more to 303p, but **Swan Hunter** hardened 2 to 154p following news that shareholders had approved the company's restructuring scheme.

After a bout of small selling which tailed off soon after the opening, leading Foods went untested and closed with marginal falls. Occasional offerings clipped a penny from recently firm **Avana** at 77p, but **Carrs Milling**, a good market since the announcement of the annual results, added that much to a 1978 peak of 71p. **Lidstone** dropped 20 to 150p in a nominal market on the termination of bid discussions.

De Vere Hotels, a good market of late on bid possibilities, held at 177p: the price in yesterday's issue was incorrect.

Interest in the miscellaneous Industrial leaders remained at a low ebb on the last trading day of the year and prices closed narrowly mixed. **Reckitt and Colman**, at 452p, were notable for an above-average fall of 8, while **Beecham** receded 3 to 622p. A firm market of late on hopes that its Canadian subsidiary may soon be sold, **Reed International** encountered profit-taking and lost 3 to 152p. Still stimulated by the previous day's disclosure that Racal Electronics has increased its shareholding in the group to over 8 per cent, **Extel** put on 4 more to 134p. **Kennedy Smale** found support at 47p, up 3, while similar improvements were seen in **Magnolia**, 130p, and **Third Mile Investment**, 25p. **BTR** shed 5 to 339p as did **ICL**, to 425p, and **Whatman Reeve Angel**, to 255p. Far-Eastern influences prompted reactions of 6 and 5 respectively on **Jardine Matheson**, 169p, and **Swire Pacific**, 108p.

Saga Holidays featured the Leisure sector with a rise of 5 to 187p for a three-day gain of 14 on Press comment highlighting increased demand for holiday bookings. For a similar reason, **Horizon Midlands** improved 4 to a 1978 peak of 127p. Publicity given to a broker's circular left **Black and Edgington** a penny up at 98p, while occasional interest was shown in **Pleasurama** which, in a thin market, put on 6 to 91p.

Motors finished on a quiet note as dealers saw the account out awaiting clarification of the petrol situation. Among the Distributors, **Arlington** eased 2 to 104p, but **Heron** firmed by that amount to 108p. **ERF** tended dull following a withdrawal of speculative support and reacted 3 to 126p. Elsewhere **Lucas** closed 4 off at 298p. **Wilmot Breeden**, on the other hand, added 1½ to 81p still awaiting the results of the exploratary talks with Rockwell International.

Adverse results from recently-acquired Videomaster left **John Waddington's** first-half profits well short of market expectations and the shares reacted 6 to 190p. **Mills and Allen** ended 3 off at 220p for a fall of 12 since the Christmas break as bid hopes faded.

Properties ended the account on a quietly dull note. Losses of around 4 were marked against **Stock Conversion**, 286p, and **Great Portland Estates**, 220p, but other leading issues rarely relinquished more than a penny. **Regional**, recently supported following a £4.7m property sale to a pension fund, finished 4 cheaper at 74p and occasional selling left **Marler Estates** 2 down at 33p.

Oils react afresh

With the crisis in Iran still very much in the foreground, conditions in the Oil market remained unsettled. **British Petroleum** were again vulnerable and reacted afresh to close at the day's lowest of 906p, down 10p. **Shell** shaded a few pence more to 563p and dollar premium influences left **Royal Dutch** ¾ cheaper at £42½. In secondary issues, **Siebens (UK)** weakened to close 14 lower at 424p, while **Oil Exploration**, 210p, and **Ultramar**, 214p, dipped 6 apiece. **Tricentrol** gave up 4 at 148p, but favourable Press mention prompted an improvement of 2 to 158p in **British Borneo**.

In Overseas Traders, second thoughts following Press comment on the interim statement helped **S. Hoffnung**, at 68p, to regain Thursday's fall of 4. **Gill and Duffus** fell 3 to record a two-day fall of 10 to 143p as vague hopes of a possible bid failed to materialise.

Diminishing bid hopes continued to affect **David Dixon** which lost 3 for a two-day fall of 6 at 108p following news that Birmingham and Midland Trust, which has a 22 per cent stake in Dixon, has increased its holding in vinyl and PVC manufacturers Bernerd Wardle.

Cons. Gold firm

Consolidated Gold Fields stood out among London Financials with a gain of 4 to 182p and featured in the active stocks list for the second day running. Small investment buying found the market short of stock and the price rise was encouraged by the strength of the bullion price which closed $4.75 higher at $226.375 an ounce.

Other London Financials, however, stayed close to their overnight levels but were slightly easier where changed.

Among the South African Financials, **De Beers** were again strong in front of next month's announcement of the 1978 sales figures for the Central Selling Organisation. Helped by U.S. demand in late trading the shares moved 9 higher to 391p.

The strength of De Beers spread to **Anglo American** which finished 7 better at 302p, responding to morning buying from Johannesburg and supported by the firm bullion market.

The further rise in the bullion price did not excite much interest in South African Golds. Very little stock was available and the market seemed content to mark time although the undertone was steady.

But the investment dollar premium was lower and this helped a slight decline in sterling prices, leaving, for example, **Hartebeest** and **Vaal Reefs** ¾ lower at £11¾ and £13 respectively.

The Gold Mines Index was down 1.7 at 141.5 and the ex-premium index moved 1.1 lower to 99.1.

Far Eastern Tin shares remained steady, reflecting movements in domestic markets overnight, but UK shares turned easier. There was some liquidation of **Geevor**, **Saint Piran** and **South Crofty** in front of their ex-dividend quotations. Geevor fell 5 to 150p, Saint Piran 3 to 77p and South Crofty 2 to 56p.

MONTHLY AVERAGES OF STOCK INDICES

—	Dec.	Nov.	Oct.	Sept.
Financial Times				
Governmt Secs	68.73	69.34	69.63	70.44
Fixed Interest	70.19	69.79	71.31	71.96
Industrial Ord.	482.4	476.9	497.6	515.9
Gold Mines	134.8	132.6	150.1	180.2
Do. (Ex-$pm)	97.7	97.0	115.6	128.0
Dealings mkd.	3,537	4,344	4,616	5,271
F.T. Actuaries				
Indusr. Grp.	220.36	214.89	226.38	233.41
500-Share	245.13	239.23	249.93	256.70
Financial Grp.	169.93	162.17	164.63	172.08
All-Share (650)	224.40	218.53	227.79	234.73
Red. Debs	56.04	56.42	57.10	57.69

	High	Low
Industrial Ord	493.3 (8th)	470.9 (29th)
All-Share	228.02 (11th)	220.22 (29th)

FINANCIAL TIMES STOCK INDICES

—	Dec. 29	Dec. 28	Dec. 27	Dec. 22	Dec. 21	Dec. 20	A year ago
Government Secs.	68.69	68.65	68.66	68.67	68.55	68.49	78.09
Fixed Interest	70.25	70.22	70.22	70.37	70.51	70.53	80.72
Industrial	470.9	472.9	478.2	479.3	478.2	478.2	485.4
Gold Mines	141.5	143.2	142.5	141.1	139.2	141.4	135.2
Gold Mines (Ex-$ pm)	99.1	100.2	99.6	99.8	99.2	101.0	100.7
Ord. Div. Yield	6.13	6.10	6.03	6.02	6.03	6.02	5.51
Earnings, Y'ld % (full)	16.09	16.00	15.82	15.79	15.83	15.92	16.74
P/E Ratio (net) (*)	8.06	8.12	8.21	8.23	8.21	8.18	8.47
Dealings marked	2,555	2,445	1,674	1,793	3,383	3,080	4,818
Equity turnover £m.	—	47.67	16.80	27.28	49.84	51.98	52.69
Equity bargains total	—	10,366	6,057	6,039	9,597	10,528	11,948

10 am 473.2. 11 am 471.4. Noon 471.1. 1 pm 470.7. 2 pm 470.3. 3 pm 470.2.

Latest Index 01-236 8026.

* Nil=7.84.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Dec. 29	Dec. 28
—Daily		
Gilt Edged	79.7	102.3
Industrials	90.1	80.9
Speculative	21.4	18.9
Totals	58.2	56.7
5-d'y Av'r'ge		
Gilt Edged	85.4	90.1
Industrials	81.0	84.3
Speculative	20.3	19.2
Totals	[illegible]	56.5

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Stocks to attract money for the call included English Property, John Brown, Avana, Baker Perkins, Country and New Town Props., Cons. Gold, Charter Cons, RTZ, KCA, Change Wares Mills and Allen, Boots, BSR, Associated Sprayers, Woolworths, Ladbroke Warrants, Talbex, Town and City, Fraser Ansbacher and De Beers Deferred. Puts were reported in Racal and BP. Double options were arranged in UDT, Associated Fisheries, FNFC 9½ per cent 92/99, New Throgmorton Warrants, Sir Joseph Causton and Cons. Gold.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (18)

CANADIANS (1)
Brascan

BANKS (1)
Fraser Ansbacher

BUILDINGS (3)
Beechwood Const. Vectis Stone
Latham (J.)

CHEMICALS (2)
Farm Feed Ransom (Wm.)

STORES (1)
Rosgill

ENGINEERING (1)
Meggitt

FOODS (1)
Carr's Milling

INDUSTRIALS (1)
Third Mile Inv.

LEISURE (3)
Horizon Saga Holidays
Pleasurama

PROPERTY (2)
Amalgamated Stores Hartley Ind. Trust

TEXTILES (2)
Foster (J.) Textured Jersey

NEW LOWS (14)

CANADIANS (1)
Can. Pac. 4pc Deb.

BUILDINGS (1)
Monk (A.)

CHEMICALS (1)
Coalite & Chem.

STORES (1)
Wharf Mill

ELECTRICALS (1)
Laurence Scott

ENGINEERING (1)
Brotherhood (P.)

INDUSTRIALS (3)
Bestobell W. Ribbons
Turner & Newall

MOTORS (2)
Woodhead (J.) Arlington Motor

PAPER (1)
Brunning Reat. Vte.

TRUSTS (1)
Jersey Gen.

MINES (1)
Idris

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	33	12	33	42	28	165
Corps. Dom. & Foreign Bonds	3	2	56	6	12	165
Industrials	110	417	1,001	493	877	3,114
Financial and Property	28	129	355	169	268	1,084
Oils	5	15	17	9	37	65
Plantations	2	5	25	11	10	75
Mines	21	63	66	125	77	215
Recent Issues	2	5	24	8	21	64
Totals	204	698	1,577	877	1,429	4,881

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	9	906	−10	954	720
Shell Transport	25p	9	563	− 2	602	484
ICI	£1	7	362	− 2	421	328
BATs Defd.	25p	6	255	—	304	227
Boots	25p	6	185	− 2	237	184
GEC	25p	6	320	− 3	349	233
Marks & Spencer	25p	6	83	—	94	67
Mills & Allen Intl.	50p	6	220	− 3	235	110
Trafalgar House	20p	6	118	− 2	167	111
Allied Breweries	25p	5	82	− 1	94	78
Cons. Gold Fields	25p	5	182	+ 4	204	163
Courtaulds	25p	5	117	+ 1	131	109
Grand Met.	50p	5	112	− 1	121	87
Lucas Inds.	£1	5	298	− 4	336	240
Metal Box "New"	Nil/pd.	5	48pm	—	70pm	48pm

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
Shell Transport	25p	29	563	−15	602	484
BP	£1	24	906	−24	954	720
Metal Box "New"	Nil/pd.	21	48pm	− 6	70pm	48pm
BATs Defd.	25p	20	255	+ 1	304	227
GEC	25p	20	320	− 9	349	233
ICI	£1	19	362	− 7	421	328
Marks & Spencer	25p	17	83	—	94	67½
Allied Breweries	25p	15	82	− 1	94	78
De Beers Defd.	R0.05	15	391	+23	488	285
Trafalgar House	20p	15	118	− 2	167	111
Burmah Oil	£1	14	82	− 4	89	42
Grand Met.	50p	14	112	− 2½	121	87
Lucas Inds.	£1	14	298	− 5	336	240
Mills & Allen Intl.	50p	14	220	−12	235	110
Turner & Newall	£1	14	157	− 7	209	156

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163 (1) (e) and reproduced today in Stock Exchange dealings.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%. 1-month deposits 10¼%.

† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10½% and over £25,000 10¾%.

‡ Call deposits over £1,000 10%.

§ Demand deposits 10%.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	950	5	10	32	—	62	—	906p
Com Union	140	9	—	12	6	18	—	148p
Cons Gold	160	23	—	32	9	34	—	180p
Cons Gold	180	6	10	15	—	20	—	"
GEC	280	41	—	62	8	—	—	320p
GEC	300	20	2	34	8	50	—	"
GEC	330	6	12	16	10	29	—	"
GEC	360	1½	31	7½	9	16	—	"
Grand Met.	120	¾	—	5	20	7	—	112p
ICI	360	11	—	20	2	33	—	362p
Marks & Sp	70	14	—	17	5	19	4	83p
Marks & Sp	80	5	10	9	—	12	—	"
Marks & Sp	90	1½	5	4½	—	6	—	"
Totals			80		76		4	
		February		**May**		**August**		
Boots	180	12	5	21	—	25	—	185p
Boots	200	3	8	10	—	15	—	"
Boots	220	1	5	5½	—	8	—	"
EMI	130	12	10	17	—	22	—	138p
EMI	140	6	15	12	—	16	—	"
EMI	160	1	10	4½	—	9	—	"
EMI	180	¼	—	1½	5	—	—	"
RTZ	220	16	5	24	—	33	—	226p
Totals			58		6		—	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
42½	F.P.	24/11	48	43	Arncliffe Hldgs.	43	......	2.55	2.4	4.7	[illegible]
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	76	+2	—	—	—	—
A$125	F.P.	—	106	100	Aust. Farming A$1.	105	......	—	—	—	—
155	F.P.	10/1	176	171	HarrisQueensw'y 20p	171	−1	7.8	3.1	6.8	7.1
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	......	1.34	3.4	6.9	4.8
110	F.P.	—	135	115	Mill'ttsL's'reShps20p	131	......	5.7	1.8	6.5	12.6

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	16/2	109p	109p	Assoc. Dairies 9¾% Pref.	109p	......
¶	F.P.	26/1	100	99¼	Colne Valley Water 8% Red Prf. 1983	101	......
‖100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	100p	−1
‖100p	Nil	5/1	6pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	4pm	−2
£1	F.P.	22/12	99p	97p	Newman Inds. 10¼% Acc. Pref.	97p	......
¶	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	......
‖	Nil	11/1	1½pm	½pm	Rivington Reed 9½% Cnv.Cum.Red.Pref.	1pm	......
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing prices p:	+ or −
560	F.P.	8/12	12/1	645	558	Beecham	627	......
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	......
67	F.P.	29/12	5/1	77	69	Capper-Neill	69	−2
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	122	......
95	F.P.	15/12	12/1	116	101	Dixon (D.)	110	−2
45	Nil	3/1	9/2	5pm	2pm	Foster (John)	5pm	......
150	F.P.	8/12	12/1	147	140	Hoskins & Horton	143	......
310	Nil	5/1	9/2	38pm	32pm	Lep Group	37pm	−1
125	F.P.	16/12	12/1	161	150	M. L. Holdings	155	......
250	Nil	3/1	9/2	70pm	48pm	Metal Box	48pm	......
55	Nil	5/1	26/1	15pm	13pm	Milbury	12pm	......
185	F.P.	18/12	10/1	230	210	Stothert & Pitt	233	......
62	F.P.	18/12	15/1	76	67	Tern Consulate	69	......
228	Nil	10/1	9/2	8pm	6pm	York Fine Woollen	6pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1979. *o* Gross. *T* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS and SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., Dec. 29, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Thurs., Dec. 28 Index No.	Wed., Dec. 27 Index No.	Fri., Dec. 22 Index No.	Thurs., Dec. 21 Index No.	Year ago (approx.) Index No.	1978 High	1978 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (172)	230.71	−0.6	17.34	5.63	7.90	232.08	234.02	234.88	234.41	200.95	256.28 (14/9)	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	203.37	−0.5	18.55	6.35	7.41	204.35	206.80	206.89	206.09	191.90	226.68 (22/8)	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	357.94	−0.2	21.10	4.53	6.01	358.58	362.77	363.42	362.04	340.20	419.51 (14/9)	[illegible]	[illegible]	[illegible]
4	Electricals (15)	536.74	−1.0	13.96	3.54	9.86	541.92	549.94	550.11	550.14	458.21	583.72 (10/10)	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	352.47	−0.6	18.49	6.12	7.35	354.51	357.92	358.93	358.51	297.75	384.53 (18/9)	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	181.29	−0.4	18.60	6.19	7.17	182.01	183.81	183.71	183.16	160.92	204.75 (14/9)	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	159.35	−0.7	17.15	8.97	8.10	160.43	162.06	161.92	161.82	160.70	182.91 (18/9)	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	207.15	−0.9	17.00	5.21	7.88	209.06	210.71	210.57	209.84	199.59	226.55 (13/9)	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	261.91	−1.2	14.23	3.98	9.86	265.01	267.34	266.49	265.43	232.31	280.21 (13/9)	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	166.34	−0.3	18.16	6.86	7.56	166.85	166.43	166.76	166.76	182.64	190.17 (14/9)	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	119.57	−0.6	21.70	7.04	5.78	120.28	121.30	121.69	121.28	117.50	135.65 (22/8)	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (170)	206.66	−0.4	16.51	6.17	8.06	207.54	209.18	209.03	208.49	203.79	228.23 (14/9)	[illegible]	[illegible]	[illegible]
22	Breweries (14)	231.47	−0.8	15.86	6.49	7.94	233.25	234.04	233.81	232.90	230.32	241.57 (8/5)	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	282.48	−0.2	16.45	5.28	8.93	282.92	286.96	285.51	286.76	253.18	301.24 (14/9)	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	267.55	−0.6	13.86	6.58	10.53	269.29	272.06	272.71	271.05	261.34	281.53 (14/9)	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	199.66	−0.2	19.10	5.64	6.95	200.01	201.94	202.33	202.02	201.00	223.85 (14/9)	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	227.62	−0.2	14.63	5.17	9.33	228.00	230.15	229.00	226.30	215.24	237.92 (14/9)	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	367.88	−0.6	21.86	6.60	6.45	369.95	372.05	372.08	369.93	346.50	421.75 (14/9)	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	130.73	−0.5	19.49	8.05	6.69	131.43	132.89	132.96	132.92	129.97	155.65 (14/9)	[illegible]	[illegible]	[illegible]
34	Stores (40)	189.76	−0.5	12.49	5.01	11.52	190.80	192.49	192.37	191.92	193.92	218.54 (13/9)	[illegible]	[illegible]	[illegible]
35	Textiles (23)	178.39	—	18.04	8.39	7.17	178.31	179.98	180.18	180.05	171.06	191.90 (12/5)	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	235.10	−0.4	23.60	7.98	5.01	236.07	236.07	235.09	235.09	226.95	266.50 (23/8)	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	91.46	−0.9	24.13	7.07	4.89	92.28	92.28	92.54	92.25	180.79	125.21 (14/9)	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	193.79	−0.4	16.03	6.42	8.04	194.66	195.87	196.31	195.49	193.78	223.24 (14/9)	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	275.26	−0.5	16.18	6.87	8.07	276.77	278.67	280.03	277.80	261.77	315.28 (14/9)	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	242.72	−0.4	11.43	4.79	10.60	243.76	243.75	244.93	243.48	0.00	291.13 (14/9)	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	128.71	—	18.88	6.00	6.32	128.75	128.55	128.94	128.28	123.54	150.75 (13/9)	[illegible]	[illegible]	[illegible]
45	Shipping (10)	406.20	+0.1	14.89	7.48	8.52	405.69	411.37	411.02	408.26	469.77	483.01 (6/1)	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	208.63	−0.6	18.43	6.88	7.22	209.79	211.82	211.48	211.80	204.88	236.56 (14/9)	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	216.21	−0.5	16.64	6.02	7.99	217.31	219.17	219.22	218.59	208.74	241.43 (14/9)	[illegible]	[illegible]	[illegible]
51	Oils (6)	505.29	−0.8	13.82	3.98	7.87	509.20	515.60	518.85	516.78	477.74	533.26 (6/12)	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	240.20	−0.5	16.20	5.70	7.97	241.52	243.73	244.02	243.28	231.14	265.03 (14/9)	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	167.85	−0.6	—	5.88	—	168.81	170.52	170.44	169.35	172.39	179.39 (9/8)	[illegible]	[illegible]	[illegible]
62	Banks (6)	195.51	−1.2	24.10	6.03	6.22	197.89	199.57	199.16	197.10	196.04	204.36 (23/1)	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	212.93	—	—	8.31	—	212.93	212.93	210.45	209.71	224.69	228.33 (4/1)	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	163.63	−0.9	14.89	5.21	8.86	165.09	166.07	165.78	165.78	166.06	170.55 (12/1)	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	133.13	−0.6	—	7.05	—	133.91	135.77	136.00	135.40	140.24	157.59 (9/8)	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	122.51	−0.1	—	7.16	—	122.65	124.74	125.02	123.96	137.57	143.46 (6/1)	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	309.53	−0.2	15.45	5.44	9.24	310.12	314.48	313.47	313.47	334.88	372.27 (11/8)	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	77.40	—	—	6.33	—	77.37	77.67	77.71	77.49	82.37	87.48 (15/9)	[illegible]	[illegible]	[illegible]
69	Property (31)	267.42	−0.5	3.73	3.07	43.80	268.89	270.20	270.23	269.21	244.71	270.23 (22/12)	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	113.84	—	22.22	7.47	5.82	113.88	114.16	113.63	113.13	108.64	117.64 (23/8)	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	202.80	−0.5	—	5.19	—	203.80	204.04	203.48	203.21	207.85	243.92 (10/8)	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	101.26	+0.4	18.56	7.03	6.63	100.86	101.48	101.30	101.53	88.57	115.20 (12/9)	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	292.68	−0.3	16.63	8.01	7.55	293.61	296.02	295.45	295.09	280.97	337.68 (8/9)	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	220.22	−0.5	—	5.79	—	221.39	223.36	223.50	222.73	214.53	242.30 (14/9)	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Fri., Dec. 29	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.76	+0.07	0.21	9.40
2	5-15 years	110.90	+0.13	—	11.88
3	Over 15 years	115.60	+0.06	—	14.53
4	Irredeemables	122.94	+0.29	—	8.46
5	All stocks	109.27	+0.08	0.09	11.74

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Fri., Dec. 29	Thurs., Dec. 28	Year ago (approx.)	1978 Highs	1978 Lows
1	Low Coupons	5 years	9.64	9.71	7.13	[illegible]	[illegible]
2		15 years	11.36	11.37	9.17	[illegible]	[illegible]
3		25 years	11.96	11.96	9.81	[illegible]	[illegible]
4	Medium Coupons	5 years	12.74	12.71	9.35	[illegible]	[illegible]
5		15 years	12.76	12.71	10.26	[illegible]	[illegible]
6		25 years	12.78	12.73	10.43	[illegible]	[illegible]
7	High Coupons	5 years	12.75	12.75	9.75	[illegible]	[illegible]
8		15 years	13.30	13.30	[illegible]	[illegible]	[illegible]
9		25 years	13.32	13.31	[illegible]	[illegible]	[illegible]
10	Irredeemables		11.93	11.95	9.87	[illegible]	[illegible]

		Fri., Dec. 29 Index No.	Yield %	Thur. Dec. 28	Wed. Dec. 27	Tues. Dec. 26	Mon. Dec. 25	Fri. Dec. 22	Thur. Dec. 21	Wed. Dec. 20	Year ago (approx.)	1978 Highs	1978 Lows	Since Compilation Highs	Since Compilation Lows
15	20-yr. Red. Deb. & Loans (15)	54.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Pharmaceutical Products	30/12/77	261.77	Miscellaneous Financial	31/12/70	128.06
Other Groups	31/12/74	63.75	Food Manufacturing	29/12/67	114.13
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering Contractors	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Mechanical Engineering	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	128.20			
Industrial Group	31/12/70	128.20			

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. A fortnightly record of group and sub-section indices, dividend yields and earnings ratios since 1962, with quarterly highs and lows of the indices, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4, at £4.30 per copy.

CONSTITUENT CHANGE: [illegible] (Textiles) has been replaced [illegible] Continental Can Association (Oils).

هكذا من الأجل

AUTHORISED UNIT TRUSTS

20, Arlington St., S.W.1. 01-499 7551
Emson Dudley Tst. ...|68.7 73.9| ...| 6.00

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.4	69.8	.....	4.39

James Finlay Unit Trust Mngt. Ltd.

10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.7	24.4	.....	2.12
Accum. Units	26.9	29.0	.....	2.12
J. Finlay Income	36.3	39.0	.....	8.20
J. Finlay Euro.Fin.	26.7	28.7	.....	3.37
Accum. Units	31.6	34.0	.....	3.37
J. Finlay Fd. In. Tst.	27.0	29.0	.....	4.39
Accum. Units	31.4	33.8	.....	4.39

Prices Dec. 27. Next dealing Jan. 3.

Unit Trust Managers Ltd.♥ (a)

Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	65.2	71.2	.....	5.64
Do. Accum.	76.9	84.0	.....	5.64
Growth	35.6	38.4	.....	3.68
Do. Accum.	38.6	41.6	.....	3.68
Capital	25.8	27.8	.....	4.53
Do. Accum.	28.1	30.3	.....	4.53
Income	51.5	55.4	.....	7.12
Do. Accum.	60.1	64.7	.....	7.12
International	42.1	45.5	.....	3.57
Do. Accum.	45.3	48.9	.....	3.57
High Yield	62.3	67.1	.....	8.69
Do. Accum.	68.0	73.2	.....	8.69
Equity Exempt*	105.8	111.6	.....	5.66
Do. Accum.*	105.8	111.6	.....	5.66
Japan & Pacific	48.2	51.3	.....	3.95
Do. Accum.	48.2	51.3	.....	3.95

*Prices at Dec. 15. Next dealing Dec. 22.

CORAL INDEX: Close 469-474

INSURANCE BASE RATES

†Property Growth	11¾%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US7.03		.....	—

Net asset value Dec. 12.

Allen Harvey & Ross Inv. Mgt. (C.I.)

1, Charing Cross. St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£10.23	10.26	.....	11.98

Arbuthnot Securities (C.I.) Limited

P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	115	119	.....	4.20

Next dealing date January 9.

Gov't Secs. Tst.	100	102	.....	12.00

Next dealing date Jan. 2.

East & Intl. Tst. (C.I.)	95	102	.....	3.67

Next dealing date January 11.

Australian Selection Fund NV

Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.

35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US115.91	116.51	.....	7.30

Prices at Dec. 21. Next sub. day Dec. 27.

Banque Bruxelles Lambert

2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,880	1,938	−4	8.07

Barclays Unicorn Int. (Ch. Is.) Ltd

1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	47.1	49.6	+0.1	12.20
Unidollar Trust	$US10.82	11.39	.....	1.65
Unibond Trust	$US100.73	102.66	.....	8.50

Barclays Unicorn Int. (I.o.Man)

1, Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	51.1	55.0	.....	1.60
Do. Aust. Min.	32.6	35.1	.....	1.70
Do. Grtr. Pacific	68.4	73.6	.....	—
Do. Intl. Income	37.7	40.6	.....	8.60
Do. I. of Man Tst.	47.6	51.2	.....	8.00
Do. Manx Mutual	25.9	27.9	.....	1.90

Bishopsgate Commodity Ser. Ltd.

P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *Dec. 4	$US29.58	31.24	.....	—
CANRHO** Dec. 4	£1.098	1.164	.....	—
COUNT** Dec. 4	£2.627	2.786	.....	1.88

Originally issued at *$10 and **£1.00.

Bridge Management Ltd.

P.O. Box 508, Grand Cayman, Cayman Is.

N'bashi Dec. 1	Y17,858		.....	—

G.P.O. Box 590, Hong Kong

Nippon Fd. Dec. 27	$US20.58	21.42	.....	0.77

Britannia Tst. Mngmt., (CI) Ltd.

30, Bath St., St. Helier, Jersy. 0534 73114

Sterling Denominated Fds.

Growth Invest	36.4	39.3	−0.4	2.00

Keyser Ullmann Ltd.

25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,377	1,511	.....	3.00
Bondselex	Fr117.40	123.50	.....	—
Cent. Assets Cap	139.47	139.52	−0.04	—

King & Shaxson Mgrs.

1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.06	9.08	.....	12.25
Gilt Trust (I.o.M.)	102.3	104.9	.....	12.25
Gilt Fnd. Guernsey	9.15	9.14	.....	12.25

Intl. Govt. Secs. Tst.

First Sterling	£17.81	17.85	.....	—
First Intl	$191.69	191.86	.....	—

Kleinwort Benson Limited

20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,117	.....	3.13
Guernsey Inc.	63.5	67.4	.....	4.27
Do. Accum.	79.7	84.4	.....	4.27
KB Far East Fd.	$US12.62		.....	1.58
KB Intl. Fund	$US11.95		.....	1.92
KB Japan Fund	$US38.83		.....	0.64
K.B. U.S. Gwth. Fd.	$US12.19		.....	0.78
Signet Bermuda	$US4.91		.....	1.83
Internl. Bd. Fd.	$US100.18		.....	—

Lloyds Bk. (C.I.) U/T Mgrs.

P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	55.1	58.0	.....	0.97

Next dealing date January 15.

Lloyds Trust Gilt	£9.97	10.03	.....	12.00

Next dealing date January 10.

Lloyds Bank International, Geneva

P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF288.50	308.50	.....	1.82
Lloyds Int. Income	SF286.0	297.50	.....	5.38

Management International Ltd.

Bank of Bermuda Building, Bermuda

C'bury Dec. 22	$US7.30		.....	—

M & G Group

Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Dec. 27	$US2.85	3.13	.....	—
Aust. Ex. Dec. 27	$US2.16	2.45	.....	—
Gld. Ex. Acc. Dec. 27	$US9.75	10.96	.....	—
Island	130.6	140.5	−0.3	3.88
(Accum Units)	188.2	202.4	−0.4	3.88

Samuel Montagu Ldn. Agents

114, Old Broad St., E.C.2. 01-588 6464

ApolloFd. Dec. 20	SF40.60	44.10	.....	4.25
Japfest Dec. 15	HK$13.61	14.65	.....	0.87
117 Group Dec. 27	$US10.49	11.45	.....	2.44
117 Jersey Dec. 13	£5.13	5.60	.....	0.75
JsyO's Dec. 20	£9.67	10.18	−0.27	—

Murray, Johnstone (Inv. Adviser)

163, Hope St., Glasgow, C2. 041-221 5521

*Hope St. Fd.	US$40.28		.....	—
*Murray Fund	US$11.08		.....	—

NAV December 15.

C.S.F. Fd. (Acc.)	SF15.53	15.87	−0.17	—
Crossbow Fd. (Acc.)	SF3.68	3.75	−0.05	—
ITF Fd. (Acc.)	$US8.27	8.39	−0.04	—

International Pacific Inv. Mngt. Ltd.

P.O. Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A2.28	2.40	−0.04	—

J.E.T. Managers (Jersey) Ltd.

P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	165.0	174.0	+6.0	—

As at Dec. 29. Next sub. day Jan. 31.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.		HK$296.41	.....	2.40
Jardine J'pn. Fd.*		HK$413.31	.....	0.90
Jardine S.E.A.		HK$16.74	.....	2.10
Jardine Flem. Int.		HK$11.80	.....	—
Intl. Pac Secs. (Inc.)		HK$13.64	.....	—
Do. (Accum.)		HK$13.78	.....	—

NAV Dec. 14. *Equivalent $US83.32
Next sub. day December 29.

U.S. Tst. Inv. Fnd.	$10.63	—	−0.04	0.94

Net assets December 28.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Cnv. Int. Dec. 28		$US9.43	−0.04	—
Eng. Int. Dec. 28		$US17.89	−0.12	—
Gr. St. $Fd. Nov. 30		$US7.50	.....	—
Merc. Ebd. Dec. 27	$US10.33	10.44	.....	0.2452
MercMyMkt Dec. 27	£10.22	10.23	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. Nov. 30	$US13.56	13.90	.....	—
CMT Ltd. Nov. 30	£13.67	14.02	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TASIT Dec. 14	$US10.39	10.66	.....	—
TOMT Ltd. Dec. 14	£10.28	10.55	.....	—

World Wide Growth Management◆

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.06		−0.03	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	45	......	4½	f6.38
77	65	Iceland 6½pc '83-88	68xd	......	—	12.80
88	80	Ireland 7½pc '81-83	80xd	......	7½	13.36
91	76½	Do 9¾pc '91-96	76½	......	—	13.70
425	265	Japan 4pc '10 Ass	355xd	......	—	13.74
87	67	Do 6pc '83-88	67	......	6	12.20
160	140	Peru Ass. 3pc	140	......	5	2.16
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.53
DM91	DM81	Turin 6½pc 1984	DM92	......	6½	8.45
97	94	Uruguay 3½pc	95	......	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or —	Div. Gross	Cvr	Y'ld Gr's
21¾	13½	ASA	16½	−¾	$1.00	—	3.1
60½	59	AMF 5% Conv. '87	59	......	5%	—	14.8
38⅞	22	Amax $1	33¼	−⅜	$2.20	—	3.3
50⅞	19½	American Express	20⅞	−¼	$1.60	—	3.9
24¼	11	Amer. Medic. Int.	22¼	−1¼	60c	—	13.1
15⅝	912p	Asarco Inc.	946p	−18	40c	—	2.1
29¾	17⅝	Baker Intnl. Corp. $1	22½	−¾	44c	—	1.5
19¼	11⅞	Barnes Grp. $6⅔	15	−¼	$2.0	—	3.4

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
105½	99½	Treasury 11½pc '79‡‡	99¹⁵⁄₁₆	+⅛	11.51	11.61
97	94⅝	Treasury 3pc '79‡‡	95¼	......	3.16	10.37
97⅞	95⅛	Electric 4¼pc '74-79	96	......	4.43	10.00
104½	98½	Treasury 10½pc '79‡‡	99	......	10.61	11.71
96⅞	94¾	Electric 3½pc '76-79	95¾	......	3.66	8.66
103½	96⅛	Treasury 9pc 1980‡‡	97	......	9.28	11.81
102½	96½	Treasury 9½pc '80‡‡	97⅛	......	9.78	11.78
95⅛	92¾	Treasury 3½pc '77-80	94¹¹⁄₁₆	+⅛	3.70	7.43
96⅞	93¼	Funding 5¼pc '78-80‡‡	94¹⁵⁄₁₆	......	5.55	9.25
110¼	100⅝	Exchequer 13pc 1980‡‡	101⅛	−⅛	12.86	12.28
106¼	97⅞	Treasury 11½pc 1981‡‡	98¾xd	−⅛	11.65	12.23
91⅝	88¼	Treasury 3½pc 1979-81	89⅛	+⅛	3.93	9.24

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	−½	—	—
41	33	Do. 5pc Pref.	39xd	......	—	—
93	98	Chilean Mixed	98	......	—	13.10
415	350	German Yng. 4½pc	415	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	17.20
51	46	Do 6pc 28 Stab. Ass.	49	......	6	16.24
44	40	Do 4pc Mixed Ass.	40	......	4	15.13

BANKS AND HIRE PURCHASE

CANADIANS

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel. 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 6000 Frankfurt am Main 1. Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Kutozovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Frankenallee 68-72 6000 Frankfurt am Main 1. Telex 416193 Tel: 7598 221

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86 01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	119	Hopkins & H. 20p	142	......	M18.39	2.0	11.0	12.0
[illegible]	23½	Howard Tenens	27xd	-½	1.91	1.9	10.6	6.2
378	183	Hunting Assoc.	280	......	†2.99	9.2	1.6	10.3
55	23½	Huntleigh 10p	48	......	†h0.68	7.0	2.1	10.2
118	49	Hutch Whamp SHK1	57	-2	†Q28c	2.3	4.2	11.7
28½	13½	Hyman (I. & J.) 5p	23	......	h0.97	3.9	6.3	6.3
£24¾	£14½	I.C. Industries $1	£16¼	-⅛	Q$1.52	—	4.6	—
487	206	ICL £1	425	-5	†8.29	ф	3.0	ф
398	308	Imp. Cont. Gas £1	358	-2	g9.96	3.3	4.2	8.3
33	22	Ingall Inds. 10p	29	......	1.87	1.6	9.8	9.6
95	61	Initial Services	90	......	65.06	2.8	8.5	6.0
20½	8	Inter-City 20p	16	......	†0.61	2.7	5.7	9.8
54	39	James (John)	49½	......	d2.76	2.8	8.3	4.9
16	9½	James (M.) Ind. 20p	16	......	d1.02	1.3	9.5	11.8
307	149	Jardine M. SHK5	169	-6	KQ71c	2.3	4.5	9.6
34½	23½	Jentique	30	......	2.22	ф	11.1	ф
12½	9½	Johnson & Barnes	10	......	—	—	—	—
112	76½	Johnson Clnrs.	105	......	†3.95	4.0	5.6	4.9
480	375	Johnson Mthy. £1	480xd	......	†13.83	3.4	4.3	9.7
45	32	Jourdan (T.) 10p	38	......	†2.93	2.7	11.5	4.1
37½	25	Kalamazoo 10p	36½	......	2.16	1.8	9.1	9.0
118	88	Kelsey Inds.	107xd	......	3.61	ф	5.0	ф
47	23	Kennedy Sm. 10p	47	+3	†1.77	3.1	5.7	9.3
£12½	900	Kershaw (A.) 5p	£12	......	†16.14	2.0	2.0	(30.4)
78	62	Kleen-E-Ze Hldgs.	78xd	......	d4.33	2.2	8.3	8.3
101	76	L.C.P. Hlds.	92	......	†4.86	2.4	7.9	6.3
43	32	L.K. Ind'l. Invs.	37	......	†2.64	3.0	10.6	5.4
43	32½	L.R.C. Int. 10p	34	......	2.23	1.6	10.1	8.3
81	53	Lawdex	80	+2	3.22	5.2	6.0	3.4
164	128	Lead Inds. 50p	158	......	†7.48	3.3	7.4	6.1
150	99	Leadenhall Sterling	130	......	†4.15	4.4	4.8	7.0
49	38	Le Bas (Ed.)	42	......	†1.85	4.4	6.7	5.0

[illegible]

INSURANCE—Continued

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
272	216	Pearl 5p	232	......	12.78	—	8.2	—
292	216	Phoenix	234	......	†10.51	—	6.7	—
145	120	Provident "A"	145	......	†8.29	—	8.5	—
142	120	Do. "B"	138	......	†8.29	—	9.0	—
173	135	Prudential	142	-1	†6.75	—	7.1	—
148	125	Refuge 5p	138	......	8.22	—	8.9	—
425	336	Royal	357	-3	†16.7	—	7.0	—
475	310	Sedg Forbes 10p	410#	......	†9.74	3.3	3.5	13.2
113	91	Stenhouse	97	......	4.52	ф	7.1	ф
606	482	Sun Alliance £1	508	+4	†20.46	—	6.0	—
117	91	Sun Life 5p	100	-1	3.48	—	5.2	—
£10	679	Taisho Mar. EDR	865	-13	gQ10%	—	0.6	—
180	155	Trade Indemnity	170	......	‡18.60	—	7.6	—
£31½	£17⅝	Travelers $2.50	£23⅛	-⅛	Q$1.68	—	3.6	—
303	225	Willis Faber	227	......	†9.14	2.4	6.0	10.3

LEISURE

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
94	69	Anglia TV 'A'	84	......	†4.24	3.1	7.5	6.4
76½	44½	Assoc. Leisure 5p	70xd	-½	†3.07	3.5	6.5	5.4
116½	40	Barr & W.A.T. 'A'	107	-3	†dh2.53	6.6	3.5	5.5
119	83	Black Edgtn. 50p	98	+1	†4.47	1.9	6.8	11.9
212	160	Boosey & Hawkes	161	......	†5.16	4.6	4.8	6.5
136	92	Campari Int. 20p	106	-1	2.0	9.2	2.8	4.0
144	93	Coral Leis. 10p	106	......	M6.6	2.8	9.3	6.2
41	32	Grampian 'A' 10p	38	......	†2.23	P2.7	8.8	6.3
65	55	Green Group 10p	65#	......	Q4.23	2.5	6.5	9.3
135	108	HTV Non/Vtg.	120	-1	9.0	1.8	11.2	7.5
41	30	Highgate Opt. 10p	37	......	2.44	1.7	9.8	9.1
127	71½	Horizon 5p	127	+4	M5.73	3.4	6.7	12.9
38	17¼	H'w'rd Wy'd 20p	26xr	-1	h0.62	3.8	3.6	7.4

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	11	......	—	—	—
140	64	Bougainville 50 Toea	131	-1	†Q5c	1.4	3.8
131	63	BH South 50c	112	-2	—	—	—
820	150	Central Pacific	340	......	—	—	—
336	148	Conzinc Riotinto 50c	296	+2	‡Q10c	2.2	‡
27	9½	Endeavour 20c	19	......	—	—	—
75	45	G.M. Kalgoorlie $1	62	......	—	—	—
68	18	Haoma Gold N.L.	32	+2	—	—	—
158	81	Hamptn Areas 5p	148	-2	ф‡3.55	2.8	3.6
40	10	Metals Ex. 50c	25	-½	—	—	—
223	125	M.I.M. Hldgs. 50c	197	-1	Q9c	1.7	2.8
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	38	+3	—	—	—
56	12	Newmetal 20c	42	......	—	—	—
143	79	North B. Hill 50c	108	+1	Q8c	1.3	4.6
16½	8½	Nth. Kalgurli	11	-½	—	—	—
50	12	Nth. West Mining	26	+2	—	—	—
178	115	Oakbridge $A1	133	......	Q12c	1.9	9.9
42	10	††Oilmin N.L.	22	......	—	—	—
70	30	Pacific Copper	58	......	—	—	—
£15½	725	Pancont'l 25c	800	-25	—	—	—
40	12	Paringa M&Ex 5p	16½	......	—	—	—
570	310	Peko-Wallsend 50c	456	+4	Q15c	ф	2.0
300	50	Southern Pacific	145	......	—	—	—
164	84	Westn. Mining 50c	139	-2	Q3c	0.7	1.3
100	35	Whim Creek 20c	60	......	—	—	—

TINS

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	335	+5	Q300c	0.5	19.2
60	45	Beralt Tin	54xd	+2	4.0	ф	11.1
305	190	Berjuntai $M1	220	-2	Q110c	1.0	10.7
185	111	Geevor	150	-5	H5.57	5.8	5.6
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	295	......	†15.36	0.9	7.7
320	130	Hongkong	312xd	+2	12.5	ф	6.0
93	64	Idris 10p	64	-3	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	66xd	......	†Q12.5c	2.1	4.1
640	450	Killinghall	620	......	Q28.36	ф	23.7

[illegible]

COPPER

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	......	—	—	—

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$11⅝	-⅛	Q170c	1.8	16.9
$11¼	830c	East Drie R1	$10	......	†Q78c	1.7	9.0
585c	330c	East Rand Prp. R1	375c	......	—	—	—
$28⅝	$16½	F.S. Geduld 50c	$19½	-⅛	Q315c	ф	18.6
$15⅝	975c	Pres. Brand 50c	$11⅞	......	Q150c	ф	15.2
$13½	900c	St. Helena R1	$10⅜	+⅛	Q190c	ф	21.1
470c	313c	Stilfontein 50c	465c	-5	†Q22c	2.5	5.5
$18⅝	$16¼	Vaal Reefs 50c	$18½	-⅛	Q115c	3.3	7.2
$37	$25	West Drie R1	$32¼	-½	Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$22⅞	+⅛	Q415c	ф	20.9
$12½	895c	Western Deep R2	$10¾	-⅛	Q82.5c	2.4	8.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ф Not comparable.
- ф Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ≑ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	......
Ash Spinning	70	......
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew.	74	......
Holt (Jos.) 25p	252	......
I.O.M. Stm. £1	197	......
N'thn. Goldsmith	73	......
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	52	......
Sheff. Refrshmt.	67	......
Sindall (Wm.)	118	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	378xd	......
Carroll (P.J.)	97	......
Clondalkin	182½	......
Concrete Prods.	130	......
Helton (Hldgs.)	50	......
Ins. Corp.	168	......
Irish Ropes	105	......
Jacob	50	......
T.M.G.	198	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	28	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

FINANCIAL TIMES
Saturday December 30 1978

MAN OF THE YEAR

A time for Teng the bold

BY COLINA MACDOUGALL

CHINA'S acerbic and diminutive Vice-Premier Teng Hsiao-ping (he is barely 5 ft tall) has brought Peking at last on to the world stage as a force to be reckoned with. After a year of rapidly growing diplomatic contacts and foreign tours by himself and the party chairman, Hua Kuo-feng, his intervention in the last days of Sino-U.S. talks on the normalisation of relations finally achieved the historic agreement to exchange ambassadors.

The Chinese made a key concession, to shelve the question of U.S. arms exports to Taiwan to match the American one to drop insistence on a public declaration by Peking never to try to take Taiwan by force. This could only have come from the very top. While there is no evidence that Teng alone was the prime mover, the impatience to get over this hurdle and pass on to the fruitful acquisition of U.S. technology is characteristic of the style discernible in Peking since he reappeared in July 1977 after his humiliating dismissal the previous year.

Officially, Teng is now second-in-command to Hua, but the speed of developments in the past 18 months seems more characteristic of his impatience than of the cautious and stolid Hua. The ambitious programme of economic growth wich was announced last March looks more like the work of a man frustrated by years of time-wasting political campaigns anxious to see the foundations laid within his lifetime than of the compromise leader that Hua is thought to be.

Nor is it easy to imagine a newcomer like Hua (until the cultural revolution he was a relatively obscure provincial official) discarding hallowed Maoist precepts with the abandon so noticeable in recent months. Only a man with the confidence born of experience could attempt anything so bold and get away with it.

Whatever Teng's relations with Hua and the other survivors from the Mao era, he has built up support both within the hierarchy and, as posters show, on the streets. Troublemakers have been ruthlessly eliminated and the country set on the road to modernisation. Strikingly, in the last few months, almost all his old colleagues have been rehabilitated, and the few still alive given important jobs.

The big disaster of 1978 for China—and presumably for Teng—has been the collapse of its relations with Vietnam. Always uneasy because of historical animosities, these broke out into open recriminations and sporadic border incidents as the Vietnamese made life progressively more difficult for their resident overseas Chinese.

Peking's support for the unpopular regime in Cambodia, involved in a border war with USSR-supported Hanoi, polarised the situation further. Whether Teng's abrupt and impatient character helped to precipitate events is hard to know, but it is difficult to imagine that China's immensely diplomatic Premier Chou En-lai (who died in 1976) would have allowed so crucial a relationship to deteriorate so far.

While Teng pulled off a welcome visit to Japan in the early autumn, his more difficult trip to South East Asia last month was a qualified success.

Teng's career has been bumpy even for China, where the political upheavals of the past 20 years have pushed officials up and down the ladder with disconcerting speed. In the early 1950s, he was one of the tight inner core of the Communist Party in an apparently unshakeable position. Born in 1904 in Szechuan, he went to France as a young man and then to Moscow, where he joined the Chinese Communist Party. He returned to China in the mid-twenties, and a decade later took part in the epic Long March.

After Mao's victory in 1949, he was well ensconced in the senior party and bureaucratic establishment, despite a reputation for blunt manners, which the New China News Agency has recently tried to improve by presenting him as a jocular fellow.

Then Chairman Mao's "cultural revolution" in the mid-1960s apparently crushed him. After the disastrous Great Leap Forward which Mao had ordered to speed up production in the late 1950s, the Chairman found the majority of his old colleagues ranged against him. They did not trust his voluntarist methods and wanted to develop China through the conventional means used elsewhere.

Mao managed to sack his major critics (one was Peng Teh-huai, who was posthumously rehabilitated only last weekend), but he could not sack the whole party. Instead he planned a long-term campaign, the cultural revolution, to dispose of his opponents by whipping up support outside the traditional centres of power.

The former Head of State, Liu Shao-chi, and Teng Hsiao-ping were the chief targets, and Teng, after slipping down the hierarchy, finally disappeared altogether in 1967.

For six years Teng was completely out of sight. He has not divulged how he spent the time, but other leaders—Peng Teh-huai for one—were physically maltreated, as well as humiliated. In 1973 he reappeared under the aegis of Premier Chou En-lai and rapidly regained his old posts. What Mao thought about this is not recorded. But Chou's death in 1976 weakened Teng's position so that Mao's radical supporters, the "Gang of Four," were able to get him dismissed a second time, and Hua Kuo-feng took his place as heir-apparent to both Mao and Chou.

After Mao's death and the arrest of the Gang, it took 10 months for Teng to get back to the official positions he now holds, Party Vice-Chairman and Vice-Premier.

The coming years will show whether his gamble on China's capacity to abandon strict Maoism and absorb technology from the West will work.

Teng Hsiao-ping: a bumpy ride to the top

THE LEX COLUMN

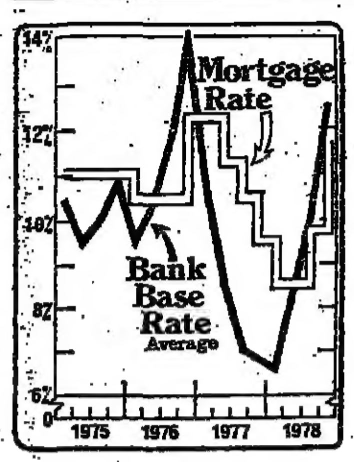
A cheerless close to the old year

For the stock market 1978 is dribbling away in a miserable fashion. The international outlook is discouraging, with Iran in chaos, the dollar threatened again, and U.S. interest rates still rising. At home the question mark over wages is growing larger and more menacing.

The All-Share index has managed to rise 3 per cent over the year but the 30-Share index has fallen by the same amount. The yield on the All-Share has risen to 5.79 per cent from 5.28 per cent but has nowhere near matched the rise in gilt-edged yields. Turnover has been poor for much of the year and dangerously low over the last account. Some encouragement can be drawn from the technical position: liquidity available to go into the market is a good deal higher than at the end of 1977, when funds were optimistic and pretty fully invested. But if interest rates stay where they are much of this money is going to sit on the street.

The brokers who came to work this week were perhaps expecting a little business from window-dressing by the big funds. If so, they were disappointed—what window-dressing there was has gone on in the discount market. Yesterday it looked as though someone had been bidding greedily for Treasury bills at nearer to £97.13 per cent than to the minimum rate of £97.06 at which some bills were allotted. It is hard to see why a discount house should be so keen to lend cheaply to the Government, except that a lower bill rate will add a cosmetic touch to the end-year books. Next week this influence will be absent and the Treasury bill rate may be nearer 11.8 per cent than yesterday's 11.56 per cent, which would be an unpromising start to the New Year.

Index fell 2.0 to 470.9



Mortgage competition

The building societies are entering 1979 in a gloomy mood. Having lent a record £8.5bn or so in 1978, their inflows have tailed off, their liquidity cushion has been run down, and the queue of would-be borrowers is growing ever longer. Indeed, it now looks as if they will not even be able to increase their lending by the officially permitted 10 per cent in the first quarter.

House prices, which had been increasing by around 7 per cent per annum between 1975 and 1977, shot up by around 25 per cent in 1978 and could easily rise by another 15 per cent in 1979. This means that the societies would have to increase their gross lending from £8.5bn to nearly £10bn just to keep pace with inflation. Barring a major increase in building society rates relative to other interest rates it now seems likely that the volume of building society lending in real terms will fall next year. And there are intriguing signs that some members of the banking community are seriously considering challenging the building societies age old near monopoly of mortgage lending.

American banks

At the moment the competition is hardly visible. The large insurance companies which used to be fairly sizeable lenders have found more profitable outlets for their funds and the big clearing banks have been requested not to frustrate the official curbs on building society lending, for the time being.

However, a handful of American banks have been making a concerted effort to break into the more expensive end of the UK house mortgage market. Some of them are just doing second mortgage business but one or two are now lending 20-year money for house purchases costing between £10,000 and £100,000.

Traditionally, the banks have shied away from long term mortgage lending for two reasons. First, the policy of lending long and borrowing short might suit the building societies but it runs contrary to conservative banking conventions. Second, the building societies, through their more favourable tax treatment have a competitive edge of around one per cent gross on their deposit rates. Taken together these two factors give the building societies a considerable advantage in terms of their cost of funds.

Despite these advantages, however, there are a number of reasons why the bank: are t[...] ing a growing interest in co[...] peting with the building soc[...] ties. It is well known that t[...] banks have lost a sizeal[...] amount of their stable 7-d[...] money to the societies but it [...] less well known that t[...] societies are now doing mo[...] new lending than the banks.

Over the last four years, [...] example, the buildi[...] societies have advanced cl[...] to £16bn net, which compa[...] with the banks' sterling lendi[...] to the private sector of arou[...] £11.5bn. Over the same peri[...] the building societies' to[...] published losses on hou[...] mortgages amounted to l[...] than £1m—which proves th[...] building society mortgages [...] a far safer bet than the typi[...] bank loan.

Mortgage queue

The key question now for t[...] banks is whether they can co[...] pete effectively with the bui[...] ing societies. At the mome[...] the banks' prime lending ra[...] are 1½ percentage points abo[...] mortgage rates. However, th[...] has not always been the ca[...] and for much of the time ov[...] the past four years the ban[...] could have made a healt[...] turn on any money lent out [...] the mortgage rate. It wou[...] have involved borrowing sh[...] and lending long but t[...] average life of a buildi[...] society loan is now only sev[...] years which is closely co[...] parable to the length of ma[...] of the banks' medium te[...] loans to industry. Sooner [...] later the big banks are goi[...] to attack the house mortga[...] market even if it mea[...] charging higher interest rat[...] Faced with a long queue so[...] borrowers would be prepa[...] to pay up, particularly in [...] over £20,000 bracket where [...] famine is now threatened.

The building societies [...] limited to allocating no mo[...] than 10 per cent of advances [...] amounts over £20,000. In pr[...] tice they rarely lend more th[...] 6 per cent, and in the conditio[...] of the early part of 1979 th[...] are unlikely to be n a posit[...] to devote even this part of th[...] resources to the top end of [...] market.

By a curious logic the bui[...] ing societies charge more [...] large loans than they do [...] small ones, regardless [...] whether they are particula[...] well secured or not. There i[...] clear opportunity for the ban[...] here, because they can foll[...] a more commercial policy [...] offering keener rates on [...] loans (so long as they are w[...] covered). But a big obsta[...] remains—the limit of £25,0[...] above which tax relief is n[...] available.

Scanlon awarded life peerage

By Richard Evans, Lobby Editor

MR. HUGH SCANLON, recently retired president of the Amalgamated Union of Engineering Workers and one of the most controversial trade union leaders of the last decade, becomes a life peer in the New Year Honours published today.

In the early years of his 10-year leadership of the engineers, he was considered with Mr. Jack Jones, former general secretary of the Transport and General Workers' Union among the most militant negotiators. Both later developed into bulwarks of the Labour establishment, and helped draft the social contract.

Mr. Scanlon is a member of the National Enterprise Board, chairman of the Engineering Industry Training Board, and president of the Confederation of Shipbuilding and Engineering Unions.

The Honours List again features businessmen and industrialists prominently.

Among them are knighthoods to Mr. Peter Boon, former chairman of Hoover; Mr. John King, chairman of Babcock and Wilcox since 1972; and Mr. Bernard Scott, chairman of Lucas Industries.

Apart from Mr. Scanlon, there are five new life peers: Sir Brian Flowers, Rector of Imperial College of Science and Technology since 1973; Sir Bernard Miles, actor and co-founder of the Mermaid Theatre in the City of London; Admiral of the Fleet Sir Peter Hill-Norton, former Chief of the Defence Staff; Sir Walter Perry, Vice-Chancellor of the Open University since 1969; and Sir John Richardson, President of the General Medical Council.

Knights from industry include: Mr. Derrick Holden-Brown, vice-chairman of Allied Breweries; Mr. Brian Kellett, chairman of Tube Investments; Mr. Frederick Page, chairman and chief executive of the Aircraft Group of British Aerospace; and Professor John Wood, chairman of the Central Arbitration Committee.

The new Privy Councillors are: Mr. Alf Morris, Parliamentary Under-Secretary at Health and Social Security and the Minister responsible for the disabled; and Mr. Tom Urwin, a Minister of State from 1968-70 and former chairman of the trade union group of Labour MPs.

Sir Ian Bancroft, head of the Home Civil Service, receives the Knight Grand Cross of the Order of the Bath, while Mr. Frederick Atkinson, chief economic adviser to the Treasury, and Mr. Thomas Hetherington, Director of Public Prosecutions, become Knight Commanders of the same order.

The arts are represented with knighthoods for Mr. Charles Mackerras, conductor and musical director of the English National Opera Company, and Prof. William Empson for services to English literature. Miss Gracie Fields, the singer, becomes a Dame, and Miss Moura Lympany, the pianist, and Mr. Donald Sinden, the actor, are awarded the CBE.

Details, Page 17

Esso and Mobil moves raise tanker peace hopes

BY ALAN PIKE, LABOUR CORRESPONDENT

ESSO AND MOBIL tanker drivers' shop stewards yesterday recommended their members to continue working normally next week while new pay offers are considered.

These fresh peace moves bring further hope that a national tanker drivers' strike threatened from Wednesday will be avoided.

The Esso drivers, who were due to stage a total stoppage from Wednesday, were advised to defer the proposed action until January 10 to allow time for a ballot on a new offer from the company. Union officials are hopeful that the revised offer, from which unpopular productivity clauses have been removed, will be accepted.

A ballot of the 2,600 Esso drivers and related staff declared yesterday showed that the company's last offer—worth about 15 per cent but containing productivity conditions — had been rejected by a two-to-one majority.

After the result had been declared at a shop stewards' delegate conference in London, union officials immediately returned to the company and resumed negotiations. The revised offer which resulted, like others concluded on behalf of Shell and BP drivers on Thursday, stays at 15 per cent but has no productivity conditions.

Mr. Jack Ashwell, national secretary of the Transport and General Workers' Union, said Esso drivers had been "bothered enormously" by productivity strings in the last proposals. "The new proposals remove the strings," he said.

Later, a delegate conference of Mobil shop stewards accepted a pay package from the company, and agreed to recommend it in a ballot to take place this weekend. A statement said that a proposed overtime ban by Mobil workers due to start on Wednesday had meanwhile been withdrawn.

Balloting on new offers to Shell and BP drivers began yesterday, and will continue during the weekend. Shop stewards will meet to consider the results on Tuesday.

Previous offers to the tanker drivers have been rejected, and there will be no absolute guarantee that the strike threat has been removed until all the votes have been cast. On the other hand, the reaction of the Esso and Mobil shop stewards to the latest offers gives considerable cause for hope that the latest proposals will find acceptance.

Scottish lorry drivers poised for strike Page 3

Spain set for March general elections

By David Gardner

BARCELONA—The government of Prime Minister Adolfo Suarez has decided to dissolve Parliament and call new general elections for the early spring. Sr. Suarez was scheduled to appear on television last night to announce his decision to the nation and fix March 1 as the date for new electiosn to the legislative with municipal elections following on April 3.

The Prime Minister made his decision known after meetings with the Cabinet and the executives of the ruling party—the Union of the Democratic Centre (UCD).

He said he had decided to call new elections to "avoid a period of uncertainty" after approval by referendum of the new constitution on December 6.

An annex to the constitution gives Sr. Suarez a 30-day breathing space from the promulgation of the new constitution—published this morning in the official State Bulletin—in which to go either for a parliamentary vote of confidence or call new elections.

The Government of Sr. Suarez is in a minority position in Parliament. The UCD won 168 out of 350 seats in the key lower house in the June 1977 general elections—the first since before the 1936-39 civil war.

This made the UCD the largest single party, but with no overall majority. The second largest parliamentary force was the Socialist Party (PSOE) with 118 seats. But the UCD has been weakened by defections, while the PSOE has strengthened its parliamentary presence by absorbing smaller socialist groupings, both nationally and in Catalonia.

Wage ceiling

The Government has benefited from the consensus *reached by the major parties* to ensure a trouble-free passage of the constitution through Parliament.

But once Socialist leaders made it clear that the consensus would last only until the constitution was ratified, an early election seemed unavoidable. On contentious issues, the Government had frequently had to fall back on support from the Communists and the minority Catalan nationalists.

Today, for example, saw the formal approval by Basque and Catalan parliamentarians of draft autonomy statutes which were to have been laid before Parliament next week, but will now have to await the new Parliament.

The budget for 1979 may also have to be postponed. The interim standing committee of the lower house today announced, that it could not approve next year's budget without Parliamentary consent.

A third and equally urgent problem is posed by nearly 3.8m workers who are due to negotiate next year's salary agreements. The unions have given notice they will not abide by the government's 11-14 per cent wage ceiling. This was pushed through by decree earlier this week after long negotiations between unions, employers and the Government had collapsed.

Goodyear injects £18m in UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GOODYEAR, THE U.S. group with the world's biggest tyre output, has injected £18.326m cash into its ailing British subsidiary.

This has been achieved through a shares issue by the UK company to its parent group. The cash will reduce Goodyear (GB)'s debt burden and provide working capital.

Earlier this month Mr. Westi Hansen, the new U.S. managing director, told the unions that Goodyear (GB) was heading for an £18m pre-tax loss in 1978. This would probably drop to £11m-£12m after tax allowances.

He said more than 1,000 of the 5,000 jobs would have to go at the Wolverhampton headquarters over the next 15 months. "Similar manpower savings" would be made in other UK operations on top of the 650 jobs cut so far this year.

Goodyear (GB) had a narrow capital base and the last capital structure changes were back in the mid-1950s.

Now the authorised share capital has been increased by 28m £1 Ordinary to £51.2m. And 18.326m Ordinary shares have been issued to the parent organisation, which owns the rest of the Ordinary capital, and paid for in full. The Bank of England has given approval.

Without the equity injection, Goodyear (GB)'s debts would have been twice the size of the equity base. Now the debt-to-equity ratio has been reduced to a more acceptable one-to-one. At the same time the interest payments will be reduced substantially.

The company lost £605,000 before tax in 1977, against profits of £611,000 the previous year, on a turnover up from £159m to £187m.

Like the rest of the UK tyre manufacturing industry, Goodyear (GB) is suffering because British tyre demand has fallen by about 4m over the past two or three years.

Imports of foreign vehicles have increased; many tyres for the replacement market are being imported; and because of changes in technology some tyres are lasting twice as long.

Attempt to toughen U.S. merger law

BY STEWART FLEMING

NEW YORK—Growing concern about the concentration of U.S. industry has led the U.S. Justice Department to begin preparing legislation allowing it to prohibit most mergers involving aggregate assets or sales of $2bn or more.

The concentration is the result of dozens of big mergers in recent years.

The proposed legislation, if enacted, would represent an abrupt departure in U.S. anti-trust law, since it would take into fuller account the social, as well as the economic implications of the concentration of economic power.

Current U.S. anti-trust laws focus on the impact of a merger on competitive forces in the market place. As a result of this focus, these laws have been difficult to apply to conglomerate mergers involving companies in totally different industries.

The Justice Department—which, with the Federal Trade Commission, is responsible for enforcing anti-trust law — has been concerned about the effectiveness of the laws in dealing with such mergers and in coping with shared monopolies, where a few big companies dominate an industry.

Mr. John Shenfield, assistant attorney-general for anti-trust, said he hoped President Carter would approve the proposals by the end of January. They could then be introduced early into the next Congress.

It is still unclear how the Carter administration will react to the proposals and what the chances are of pushing such legislation through Congress.

Senator Edward Kennedy is now drafting similar legislative proposals on conglomerate mergers.

Continued from Page 1

Shah's call

another power, specifically the Soviet Union.

Mr. Carter, the State Department spokesman, reiterated that the U.S. did no tconsider that recent radio broadcasts beamed from the Soviet Union to Iran were contributing to the cause of stability in the country. He suggested that they went far beyond the normal bounds of legitimate propaganda.

On Thursday the department had vigorously refuted an article in the Russian Communist Party daily newspaper, Pravda, alleging that the U.S. was itself actively interfering in Iranian affairs by despatching senior diplomatic and military officials to assist the Shah. Yesterday Mr. Carter said that 30 Defence Department officials were in Iran to protect "sensitive communications equipment," and he acknowledged that diplomatic personnel were "gathering information," including conversations with opponents of the Shah, but that this did not constitute the "massive influx" alleged by Pravda.

Mr. Carter also restated the official U.S. position of support for the Shah and his efforts to restore internal stability. He added, perhaps as an affirmation of U.S. support, that no major evacuation of the estimated 35,000 Americans in Iran was about to be announced. Contingency plans were being updated, he agreed, and the situation in Iran was "difficult."

Weather

UK TODAY

SLEET or snow, sunny intervals in E and N.

London, S, W Midlands
Snow. Max. 3C (37F).

SE England, E Anglia
Sleet or snow. Max. 4C (39F).

W. central S England, S Wales
Snow in places. Max. 5C (41F).

Channel Is.
Rain or sleet. Max. 4C (39F).

N Wales, NW England, Lakes, Central Scotland, W Isles, N Ireland, E, NE England, N Midlands, S, E Scotland
Sunny periods, snow showers. Max 3C (37F).

Highlands, Orkney, Shetland
Sunny intervals, snow. Max. 2C (36F).

Outlook: Very cold, sunny intervals, snow, frost.

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Amsdm.	C	10	50	Madrid	S	12	54
Bclona.	S	15	59	Mnchsr.	C	3	27
Beirut	C	17	63	Melbne.	F	20	68
Belfast	Sn	2	36	Milan	R	4	39
Belgrade	F	16	61	Montrl.	C	−8	18
Berlin	R	−4	25	Moscw.	Sn	−27	−17
B'ham.	C	4	39	Munich	R	10	50
Bristol	C	9	48	Nwcstle	Sn	2	36
Brussels	F	11	52	N York	S	−2	28
Budapest	F	9	48	Oslo	F	−14	7
B. Aires	C	[illegible]	[illegible]	Paris	R	10	50
Cairo	S	20	68	Perth	F	29	84
Cardiff	C	9	48	Prague	F	12	54
Chicago	R	−1	30	Rykjvk.	S	−8	19
Cologne	R	10	50	Rio J'o.	C	27	81
Copnhn	Sn	−6	21	Rome	F	16	61
Dublin	R	4	39	Singpr.	S	30	86
Ednbgh.	F	2	36	Stckhm.	S	−14	7
Frankft.	R	10	50	Strasbrg.	R	10	50
Geneva	R	9	48	Sydney	F	23	73
Glasgow	F	0	32	Tehran	S	5	41
Helsinki	S	−26	−15	Tel Aviv	S	18	64
H. Kong	C	19	66	Tokyo	S	10	50
Jo'burg.	S	24	75	Toronto	C	−9	16
Lisbon	C	15	59	Vienna	C	6	43
London	C	11	52	Warsw	Sn	−10	14
Luxmbg.	R	9	48	Zurich	R	8	46

HOLIDAY RESORTS

Ajaccio	R	15	59	Jersey	C	11	52
Algiers	F	19	66	L. Plms.	S	20	68
Biarritz	F	16	61	Locarno	R	4	39
Blackpl	R	[illegible]	[illegible]	Majorca	F	16	61
Bordeaux	R	14	57	Malaga	F	17	63
Boulogne	F	10	50	Malta	S	19	66
Cape T.	C	[illegible]	[illegible]	Nairobi	R	22	72
Corfu	S	17	63	Naples	C	15	59
Dbrvnk.	F	14	57	Nice	R	10	50
Faro	F	17	63	Nicosia	C	17	63
Florence	C	14	57	Oporto	C	14	57
Funchal	S	19	66	Rhodes	F	18	64
Gibrltr.	R	17	63	Salzbg	F	8	46
Guernsey	C	10	50	Tenerife	S	17	63
Innsbrk.	C	12	54	Tunis	S	17	63
Invrnss.	S	−1	30	Valencia	F	19	66
I. Man	Sl	3	37	Venice	C	5	41
Istanbul	S	14	57				

C—Cloud F—Fair. R—Rain. S—Sun. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London ...
© The Financial Times Ltd.

هكذا من الأجل